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DUN'S REVIEW

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CXIII of a series of Century old cities - Tacoma, Wash.

The Interplay between Domestic and Foreign Policy . . . . What's Ahead for Building Construction in 1947? . . . How the Steel Cartel Operated

Never before have two more useful and productive speed ranges been offered in one lathe . . . combined with generous swing capacity and center distance, and more-than-ample power to turn the wide range of operations possible on this remarkable new LeBlond lathe.

Twelve spindle speeds in two ranges (low: 28 to 445rpm; high: 540 to 1800 rpm) controlled by a single lever. Swing over ways 15", distance between centers variable, main drive motor 3 hp.

The totally enclosed, automatically lubricated feed box, one-piece apron with positive jaw feed clutch, and one-shot lubrication to apron, carriage, and bed . . . are but a few of the many engineering advances offered on the new DUAL DRIVE. On display at our plant daily.

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LEBLOND

One of a series of advertisements showing the importance to American industry of the underwriting and distribution of investment securities.

Wings Over Baltimore

The Coming Of An Age

Men of vision and spirit forged early aviation history—forge it today. The name of Glenn L. Martin stands high in aviation's list of men of vision and spirit, of inventive genius and daring. As a boy he turned his dreams of flight into biplane kites; as a young man, into gliders and airplanes. And that ability to transmute imagination into master aviation accomplishments always has characterized him and the company which bears his name.

In 1909 Martin constructed his first plane, taught himself to fly—and initiated a series of Martin aviation "firsts." He went on to fly the first air mail (1912); make the first extended over-water flight (1912); drop the first bombs from an airplane (1913).

Up From The Model T T

Meanwhile the practical knowledge acquired in the air was being built into his planes designed primarily for sportsmen until 1913. In that year of war alarms in Europe, the Army awarded him its first order for a training and bombing plane, the famous Model T T, progenitor of the famed Martin "Marauder," "Mariner" and "Mars" of another, later war. In that transition period Martin engineers maintained the company in the forefront of its field—produced, among other firsts, the nation's first two-engine bomber; the first experimental mail plane; the first all-metal seaplane; the famous "Clippers."

2-0-2's and 3-0-3's

Many factors, in addition to the vision and enterprise of its founder, combined to establish the growth, great wartime record and strong postwar status of the Glenn L. Martin Company. Not the least of these were the large amounts of capital acquired through investment banking channels. In 1938, Martin was a successful but—contrasted with its size today—relatively modest enterprise. Smith, Barney & Co. in 1938 underwrote a public offering of Martin stock which, following similar broadened financing during preceding years, enabled the company to enter the critical war period prepared to send Martin bombers swarming over enemy troops and territory. This laid the groundwork, too, for the company's entry into the postwar period with the flexibility adequate capitalization provides, permitting extraordinarily quick reconversion and rapid production of the already famed commercial airlines, the Martin 2-0-2's and 3-0-3's, which will go into service in the country's leading airlines during 1947.

Orders for these already have passed the 345 mark, exceeding the prewar total of *all* aircraft in domestic scheduled airline operations. This takes on added significance when it is realized that today Martin has over 17,000 employees with an annual payroll of more than $120,-000,000, a great contribution not only to Baltimore but also to the whole American economy.

To tell more of the details of the progress of this company, we have prepared a booklet, "An Analysis of the Glenn L. Martin Co.," which may be obtained on request to Department M, Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.

Your Company, Too, Can Benefit

Smith, Barney & Co. has similarly assisted other successful companies, some in the earlier phases of their potential growth, others in a more mature stage of development. The experience, facilities and counsel of Smith, Barney & Co. are available to business enterprises to develop sound and adequate financial programs.

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ONE INVESTMENT FIRM THAT CAN MEET ALL INVESTMENT REQUIREMENTS.

FRONT COVER *Commanding a superb view of Mount Ranier, Tacoma, Wash., is located at the head of navigation on Puget Sound, 30 miles by water south of Seattle. With a natural deep-water harbor and good rail facilities, the city is an important port. Situated in the center of an extensive fir belt and close to a rich agricultural district and large coal fields, it likewise is a shipping and industrial center.*

In 1939 its 253 manufacturing plants produced goods valued at $62,055,686. The biggest group of industries, with an output of more than $36,000,000 annually, is lumber and lumber products. The flour and cereal mills have an output valued at $18,000,000. The Tacoma smelter produces 225,000,000 pounds of refined copper yearly as well as gold, silver, and arsenic. Other products include paper, chemicals, furnaces, railroad car wheels, candy, and foods.

The city's 1,864 retail stores in 1939 had sales of $55,065,000; the 828 service establishments, receipts of $4,482,000; and the 206 wholesalers, sales of $60,111,000.

First settled in 1852, Tacoma was incorporated as a city in 1883. The cover illustration, from the New York Public Library, depicts the community about 1877.

BUSINESS SURVIVAL *A series of charts depicting the length of life of retail stores in the United States has been prepared by* DUN & BRADSTREET, INC., *from statistics recently compiled by the U. S. Department of Commerce, with 1939 as a base year. Copies are available on request.*

The charts show average survival periods in the different retail lines; variance of profit by lines; the mortality over a decade of 1,476,365 stores operating in 1929; the number of stores by age groups in the various classifications; sales by age groups; and so on. There also is a tabular breakdown of 1,770,355 stores, with average age, median age, and average sales in 1939.

A PAMPHLET *"Security Exchanges in World Finance," by Roy A. Foulke, which will be available shortly on request, presents in greater detail the articles of the same name in the November and December numbers. It contains the important retail, wholesale, and manufacturing industries' ratios for 1945 together with the five-year medians in each of these fields.*

ANNUAL INDEX *The index to* DUN'S REVIEW *is arranged as a working tool for those who refer to the studies of significant developments contained in the magazine. To avoid waste it will be sent only on request except that library subscribers will receive copies automatically.*

The index includes listings according to subjects covered, titles, authors, and companies mentioned; it is prepared by the staff of the DUN & BRADSTREET *Business Library.*

PLEASE SEND ME A 1946 INDEX

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TACOMA, WASH.—PHOTOGRAPH FROM TACOMA CHAMBER OF COMMERCE

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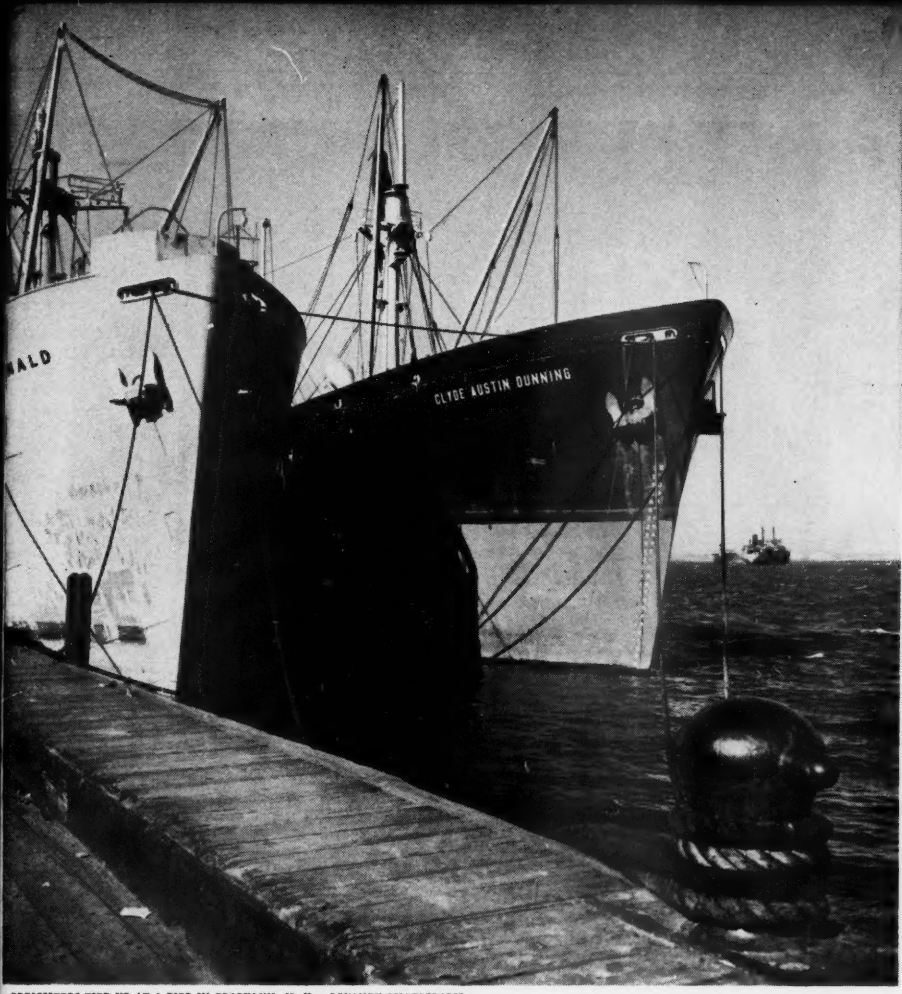
JANUARY 1947

DUN'S REVIEW, January 1947. Published monthly by DUN & BRADSTREET, INC., 290 Broadway, New York 8, N. Y. Subscription information on page 65. Frontispiece from Devaney.



FREIGHTERS TIED UP AT A PIER IN BROOKLYN, N. Y.—DEVANEY PHOTOGRAPH

AMERICAN FOREIGN POLICY IS FREQUENTLY CRITICIZED DUE TO A LACK OF UNDERSTANDING OF HOW THE DOMESTIC POLICY OF THE UNITED STATES AND OTHER COUNTRIES ARE RELATED TO FOREIGN POLICY. HERE MR. THORP DEMONSTRATES THE REFLECTION OF DOMESTIC POLICY IN OUR FOREIGN POLICY AND HOW FOREIGN POLICY CASTS ITS SHADOW OVER DOMESTIC.

The Interplay between DOMESTIC *and* FOREIGN POLICY

WILLARD L. THORP
Assistant Secretary of State

FROM time to time, we hear references to our "domestic policy" and our "foreign policy," as though these were two quite separate and distinct parts of American public policy. It is implied that there are two separate sets of pigeon-holes and filing cabinets, that different people in the Government are assigned to one or the other area, and that, by and large, different and unrelated problems are found under the two headings.

The over-simplification which implies such a kind of isolation between domestic and foreign policy problems is not only untrue but it is dangerous. While it is correct that certain problems do fall largely in one field or the other, it is important to keep always in mind that there is a very important amount of interplay and interconnection between the two. Our foreign policy frequently requires support and implementation in domestic action, and domestic policy in turn establishes limits upon and suggests patterns for our foreign policy.

One confusion which arises, particularly in the foreign policy field, is the failure to distinguish between policy and the actual state of fact. Our domestic policy, as clearly shown in the statute books is, among other things, against the breaking and entering of houses for the purpose of theft, but such things do occasionally happen.

In the foreign field, references to American foreign policy should clearly be understood to mean the American position with respect to the matter under consideration. Obviously, the American position will not always be in agreement with the position of other countries. The actual product of these conflicting foreign policies may be some compromise solution which does not represent fully the position of any of the governments involved.

Finnish Reparation

Thus, the United States made a vigorous protest against the fixing of Finnish reparation at $300 millions. We believe that such a figure is beyond the capacity of the Finnish economy to pay, and completely unreasonable when compared with the reparation figures set for much larger and wealthier countries. But we were not at war with Finland, and therefore are not participants in the drafting of that particular treaty. As a matter of fact, the United Kingdom and the Soviet Union are the responsible parties and they have agreed to the $300 millions provision.

ACME

AMERICAN FOREIGN POLICY IS CONCERNED IN ASSISTING IN THE RECONSTRUCTION OF THE WAR-DEVASTATED AREAS OF THE WORLD AS EXEMPLIFIED BY THIS RUBBLE-CHOKED STREET, THE AFTERMATH OF A GERMAN AERIAL ATTACK ON THE CITY OF LONDON. HISTORIC BUILDINGS LIE IN RUINS.

While the United States has had a consistent position on reparation which it urged with vigor at the Paris Conference, no one could possibly find any internal consistency among the various reparation figures actually incorporated in the five treaties now under active discussion. This condition illustrates my point that one of the contributing factors to the charge that the United States has no consistent foreign policy is that some observers view it not in terms of the American position, where consistency and definiteness are possible, but of the solutions arrived at as the result of the conflicting views of the interested nations.

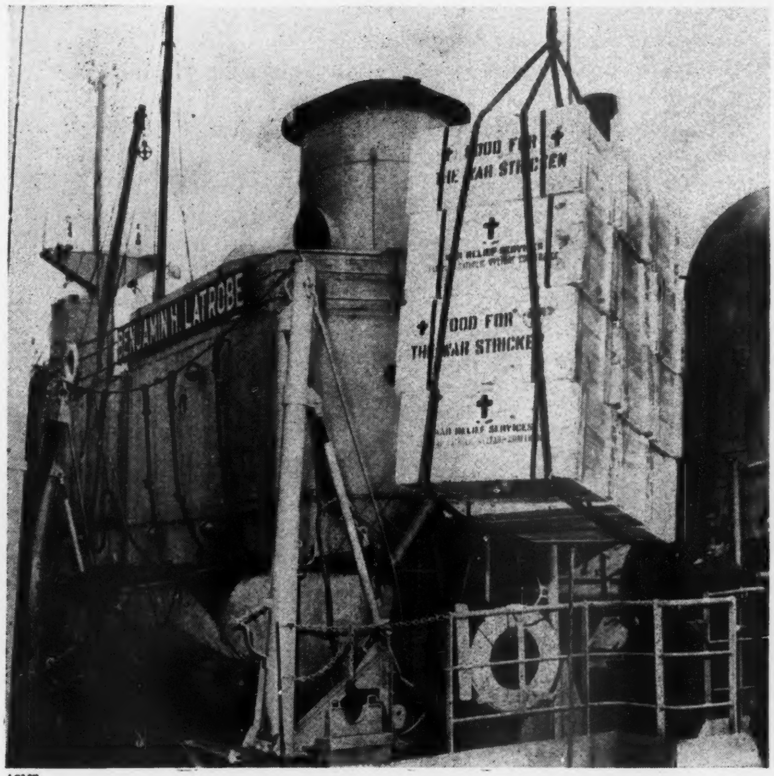
But to return to my main point. There are many situations in which our domestic policies set the pattern for our foreign policies. The defense of our position in discussions with representatives of other countries is strong or weak in accordance with the degree to which we practise at home what we preach abroad. Unless there is some substantial degree of consistency, life for the negotiator is not only uncomfortable but relatively ineffective.

For example, there is a term known in the shipping world as "cabotage." This refers to the picking up of passengers or freight in one port in a given country and taking them to another port in the same country. The United States by law forbids cabotage in this country by any foreign vessels. In other words, our coastal shipping is reserved exclusively for American ships. In connection with the discussion of the long-run principles to govern shipping on the Danube, the United States could not insist on cabotage rights in the riparian states for foreign ship owners, although other countries not so bound by domestic practice might do so.

As a further actual illustration from another phase of the same discussions, we were asked about our practices in connection with the relative treatment of ships of various nationalities on the St. Lawrence River and the Panama Canal. Since both are open to all foreign ships without discrimination in any form or manner, these precedents served to support our general position, but my point is that they were drawn directly into the discussion. Had we been urging a policy on the Danube different from that which we followed where our own immediate interests were involved, we would have found the situation embarrassing, to say the least.

Civil Aviation Agreements

To shift to another field, we have been engaged for many months in the negotiation of civil aviation agreements with many different countries. We can hardly ask other nations to give our airplane companies any privileges which we are unwilling to extend to them on a reciprocal basis in the United States. Therefore, our foreign policy with respect to commercial aviation is definitely limited by our domestic policy.



ACME

CONSERVATION MEASURES AT HOME HAVE BEEN NECESSARY TO IMPLEMENT OUR FOREIGN POLICY OF SUPPLYING LARGE QUANTITIES OF FOOD TO THE FAMISHED PEOPLES OF EUROPE. HERE A CARGO OF DONATED FOODSTUFFS IS BEING LOADED ABOARD SHIP TO HELP IN ALLEVIATING STARVATION.

These limitations sometimes extend beyond the instances of serious negotiation. I was recently exposed to what amounted to a filibuster in an international conference. Obviously, I could not make any complaint with good grace, since it was only a slight effort in comparison with the expert performance and technical skill of certain of our legislators in preserving this old American custom.

In some instances, existing domestic legislation enacted with other purposes in mind may turn out to have substantial significance for foreign policy problems. For example, the operation of price ceilings on grain and meat not only affected the American consumer, but determined in large degree the physical amount of relief which UNRRA's fixed budget was able to obtain for other countries. Or, to take an illustration from another field, the specific requirements of state law in connection with investments by savings banks and insurance companies may greatly aid or restrict the operations of the International Bank for Development and Reconstruction, by opening or closing to it those tremendous sources of private capital.

This problem of consistency between foreign and domestic policy is not unique in the United States. In the treaties now being discussed by the Council of Foreign Ministers there is a problem of the amount of compensation which ex-enemy countries must provide for war damage done to the property of United Nations' nationals located in the ex-enemy country. The majority of the countries at the Paris Conference voted for 75 per cent. However, the British urged 100 per cent compensation because their war insurance scheme provides 100 per cent compensation for all property subject to war damage in the United Kingdom, including that of foreign nationals. Obviously, it is difficult for them to receive less for their property damage in Italy and the Balkan States, and for them to reimburse foreign nationals in England at a rate above that required of ex-enemy states.

Likewise, the French have difficulty in proceeding with the restitution of looted property found in Germany to the other ex-enemy states, until the process of restitution of their own property is begun by these same states. And the USSR has trouble with approving civil aviation provisions in the treaties more liberal than those which they themselves are willing to offer.

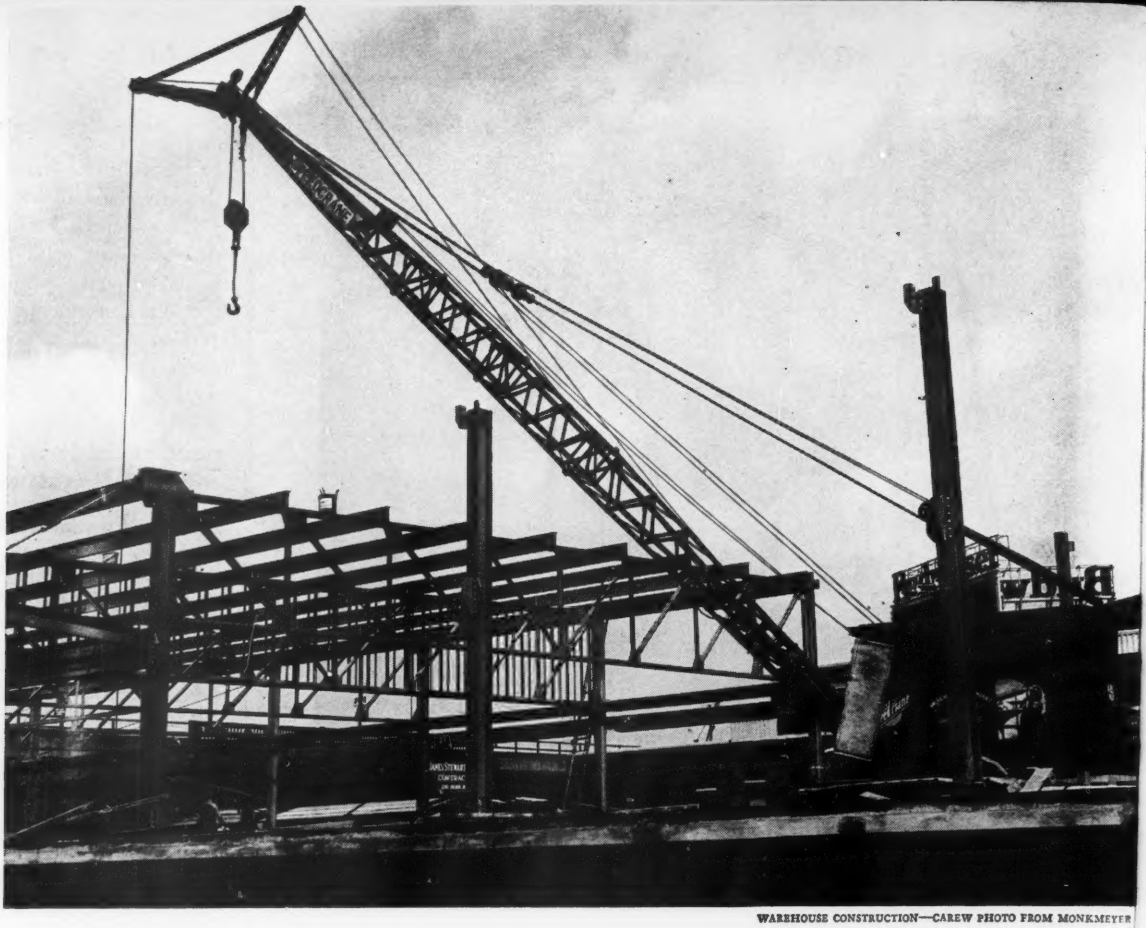
Our Fundamental Principles

I hope that these scattered illustrations, picked from almost an endless list, have been sufficient to demonstrate that foreign policy is frequently limited by domestic policy. But it is not enough to say that there are many specific cases where this is true. There is a more fundamental relationship. In the very broadest terms, our domestic policy is basic to our foreign policy. Underlying the specific case is the basic directive—what kind of world do we believe in; what are our fundamental principles? Our effectiveness in urging those fundamentals in which we believe—democracy, equality of opportunity, human rights, the Atlantic Charter, respect for property, freedom of the press, and the like—depends in large part upon the degree to which we ourselves are a living demonstration of these fundamentals.

In the economic field, we have a set of fundamentals. Our economic system is based upon a tremendous market within which trade flows without restrictive barriers and with a single medium of exchange. The high standard of living in New England is made possible largely by the tremendous interchange in goods and services which takes place between New England and the rest of the United States. Although we recognize that there are times and circumstances when the government must step into the picture, by and large we leave the economic process to the working of economic forces and the direction of individual business men and consumers.

Obviously, we cannot expect the rest of the world to adhere fully to this pattern. The American position as

(Continued on page 61)



WAREHOUSE CONSTRUCTION—CAREW PHOTO FROM MONKMEYER

What's Ahead FOR BUILDING CONSTRUCTION IN 1947?

E. WARREN BOWDEN
Vice-President, Walter Kidde Construction Company

ARE industrial construction costs expected to rise or decline sharply in the next two or three years? What will the controlling factors be? The answers are predicted by Mr. Bowden from a study of trends during World Wars I and II as well as in the interim period and in the current post-war era. Variations in construction costs and employment during these periods are charted.

A CAREFUL study of the chief factors influencing the cost of industrial building construction justifies the belief that in spite of the presently confused pattern of events, a reasonably clear picture of the future of construction costs, at least as far as the next two or three years are concerned may now be obtained.

We are able to answer the important questions of how high our building costs are going and when the turning point will be reached, and to anticipate the pattern of the recession in costs that can be expected.

Not only those of us who are directly

engaged in construction, but also those who are building or planning to build new homes, manufacturing plants, schools, hospitals, or bridges, are concerned greatly with this cost problem.

We are inclined to look back to the prices at the beginning of World War II and to assume that somehow we can expect to reach them again once fairly normal conditions of material supply and labor are reached. Many of us look back even further and recall the sharp rise in costs of building during and after World War I, and recall the reaction that occurred in 1921 and 1922. Then we conclude that the same pattern is being followed all over again.

However, today's business costs are intimately involved in a most complex economic situation as a result of a presently confused cost picture due to adjustments following the removal of price controls on materials and with an unknown wage situation facing the country as labor attempts to make some adjustments that it hopes will bring its returns more nearly into line with the cost of living.

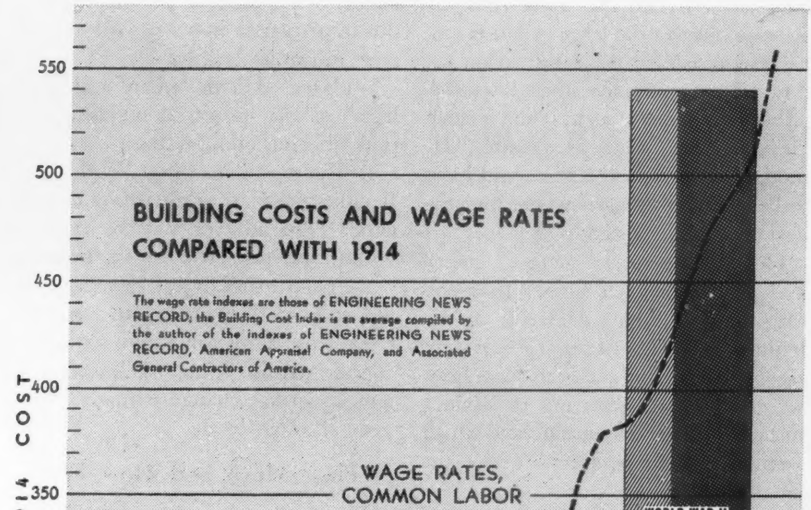
Consideration must be given to the changes in building costs and wage rates that have taken place since 1914. (See chart below.)

Building costs advanced sharply during the years of World War I and at its conclusion were 75 per cent above pre-war figures. Although these seemed high, they were the lowest that would be reached for the next fourteen years, and, in fact would not have been reached again without the severe depression of the 1930's. In the two post-war years of 1919 and 1920 costs continued to rise, even more sharply than during the war and reached a peak of 155 per cent above pre-war levels.

Two years of falling costs brought the costs to about 87 per cent above 1914 levels. By 1923, costs had rebounded and reached a level that was maintained for seven years—and this level was over twice the cost that had been experienced before the war.

It is instructive to examine changes in the wage rates of construction labor during this period, measured in percentage variation from the levels of 1914. They rose steadily except for the slight peak in common labor wage rates in 1920 and the drop during the post-war depression years of 1921 and 1922.

All three cost curves climbed sharply again during World War II.



Costs Rising Since 1939

Actual building costs have been rising since 1939 at an even greater rate than the building cost curve indicates because of the fact that this curve is based on a series of weighted factors which reflect quoted official changes in price but do not make adjustments for labor inefficiency, scarcities of materials, restrained ceiling prices below actual costs, or similar considerations which affect the actual construction cost, especially in a period of stress such as that through which we have recently passed and, indeed, are still meeting.

Over a period of time improvements in methods of manufacture and of construction introduce savings which make possible overall reductions in costs as compared with wage levels. However, the amounts paid for labor are the basic ingredients of construction costs. And, if we are willing to admit the premise, as most of us are, that wage levels once attained are not, thereafter, easily reduced, we are forced to conclude that insofar as wages are concerned very little downward adjustment can be expected as long as our

economy is in prosperous condition.

The World War II period resembled that of World War I in the increase in both labor and building costs occurring in each; and post-war costs have also continued to rise sharply as in 1919 and 1920.

The problem is to determine whether or not the cost rise is likely to continue for another year, and one can thereafter expect a precipitate drop in costs. Such conclusions do not appear to be warranted by present facts.

Price Rise Restraints

Two basic conditions, not present in 1919, which operate to restrain rising construction costs are (1) the caution apparent on every hand against over-stocking with inventories which might cause losses in a declining market; (2) the general "wait and see" attitude which today predominates in industrial planning.

Caution against over-stocking is a very different situation from that existing during the rise following World War I. This caution serves to apply a brake to the upward movement of prices and will be equally beneficial when they begin to decline.

An example of the situation is given by the lumber dealers who prefer to live from hand-to-mouth rather than to be caught with an inventory priced above the market. Many dealers can still recall how they themselves, or their fathers, were caught in the drop of 1921 and 1922.

With regard to the "wait and see" attitude, as it concerns building construction, it does not mean that the average project is to be dropped completely or indefinitely postponed, but it does mean that the manufacturer will defer as long as he can the plant additions needed, in order to have some assurance of the overall cost of the proposed project.

Our opinion as to how far we now are from the peak of construction costs is based on observations directly affecting the industry and on general business conditions at large. With regard to the industry itself, the most important single factor is the steadily improving material supply situation. It is true that materials are still scarce and in the case of such items as cast-iron, some plumbing fixtures, and other metallic items, may continue to be scarce for a number of months. However, reports of Government agencies and the opinions expressed by the producers of materials justify the belief that, for the most part, the material supply will equal the demands of construction during 1947.

The removal of price controls has had a most healthy and stimulating effect on the material situation. The removal of these controls should not cause a marked increase in prices. It will be recalled that extensive upward ceiling price adjustments were made earlier this year causing the apparently sharp advance in costs as indicated in the chart on page 17. Since removal of price controls the large producers of basic materials for the construction industry have announced their intention of holding prices at as near the former OPA ceiling prices as possible, although of course some items will have to be adjusted upward where inequitable conditions existed.

However, even at material prices averaging somewhat higher than the OPA ceilings, the actual cost to the builder will be less because, as is widely recognized, many materials have been secured only by resorting to devious means, innumerable instances of which were bound to be found under the circumstances.

A more adequate supply of materials will make it possible to use the most economical material in its proper place in a structure. During the recent period of price control some materials were practically priced out of existence, inevitably being replaced by some other material or item of considerably higher cost.

A supply more nearly approaching demand will have the effect of lowering not only the unit cost of producing the materials themselves, but will have a most important bearing on increasing the efficiency and economy of construction operations at the site. Costs will be reduced when it is possible to schedule operations for the maximum advantage of the work as a whole without the constant interruptions and irritations which heretofore have been so commonplace on building operations. Labor itself will become more efficient in the face of assurance of continuity of work, knowing that orderly schedules can be maintained.

The factors mentioned have had to do directly with the construction industry. There are other conditions apparent in the general economy which indicate that we have about reached the top of the construction cost rise and can expect a decline. Such a condition is usually apparent first in the luxury items and these have already experienced such a decline. Real estate costs are generally believed to be well past their peak. Although individual increases in prices are still taking place, there is evidence that consumer goods are also past the peak situation. It is logical to expect that the elements of the construction industry will shortly react in similar fashion.

With regard to the "when" and "how high" of the industrial building cost peak, it is our opinion that:

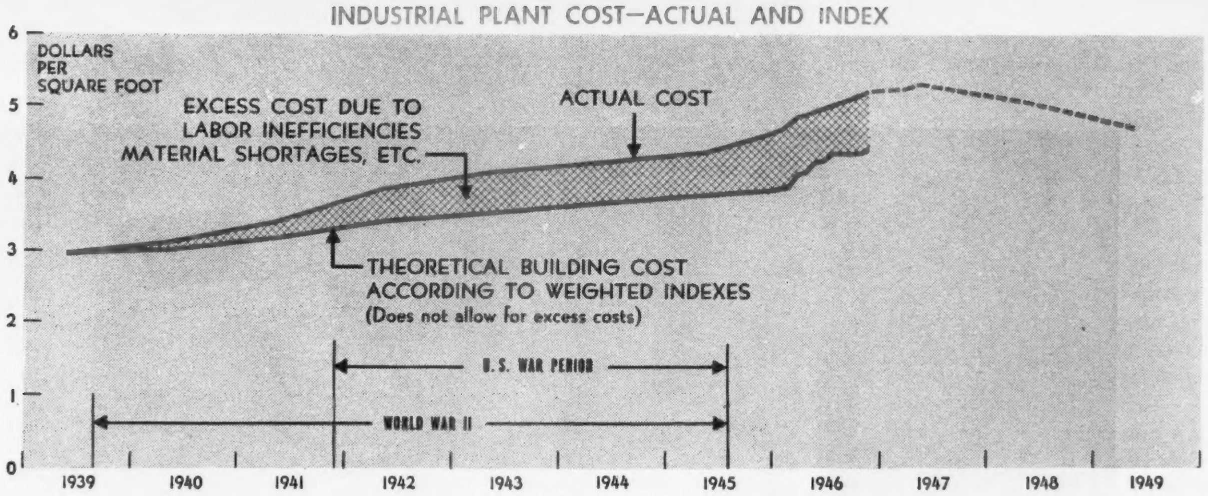
1. The top limit of post-World War II industrial plant construction costs is either here now or will be reached within the next five to six months.
2. Such further overall cost increases as occur will be limited to not over 5 per cent. This conclusion would, of course, require some modification if any important change is made in the general wage level.

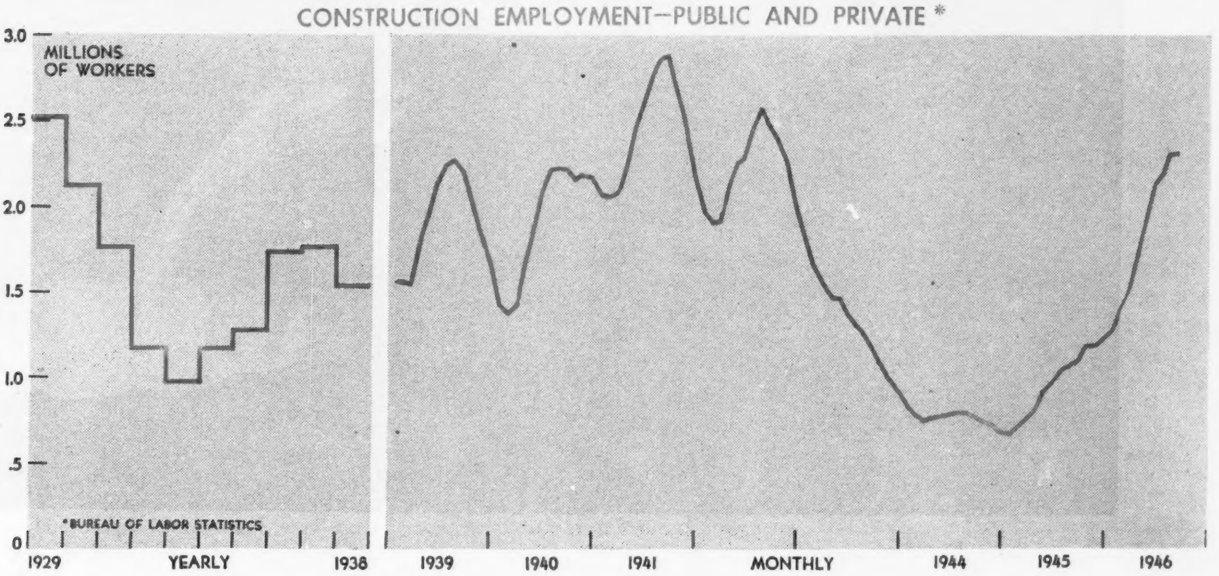
How Much and How Fast

Our next point of concern has to do with how much and how fast the cost will drop. Our belief that the decrease will not be precipitate, as it was in 1921, is based on two important points in which the present circumstances vary from the earlier period.

The first is that we have passed through a relatively long period during which we have been denied or have had inadequate supply of many of the essentials of our standards of living, not only during the years of our participation in the war but for another ten years prior to that time.

The backlog of demand for new construction is tremendous. It will be years before we can begin to catch up with the existing need for new homes, new manufacturing plants, new hospitals, schools, and commercial buildings of all sorts, not to mention the vast program of new express highways,





bridges, dams, water supply and sewage disposal systems, and so on.

The need for new industrial plant units is also large, in spite of the tremendous plant construction program of the war years. The needs are for units built to serve specific manufacturing requirements at specific locations. In many cases neither the location, size, or arrangement of existing war plants are suitable for the needs of those manufacturers who are now planning new facilities to provide for the efficient production of their goods.

Although the backlog of industrial building is great, if considered alone, we would imagine enough reluctance to build during a declining cost period to force a relatively sharp drop to an abnormally low point. However, a certain proportion of the industrial demand is too insistent to be deferred.

And, moreover, commercial and industrial building construction together account for only about one-fifth of the new construction anticipated during the next five years. The Department of Commerce estimates a five-year average of nearly eleven billion dollars worth of new construction during that period.

Position of Organized Labor

The second important point which tends to prevent a sharp fall in building costs is the present strong position of organized labor which was non-existent after World War I and which, in present conditions of consumer demands, can be expected to maintain or increase the levels of wages.

The difference in the position of labor now as compared to that in the 1920's is so obvious as to require very little comment. In the earlier period it was a relatively simple matter for a business to lower the wages of its employees, and sharp declines in wage rates were put into effect throughout all industry during 1921 and 1922. On the other hand, we have recently passed through a period during which the emphasis of the Federal Government has been placed on increase and stabilization of the wages of the working man. It will require a great decrease in the demands for products to effect any material decrease in hourly wages.

When we consider these conditions

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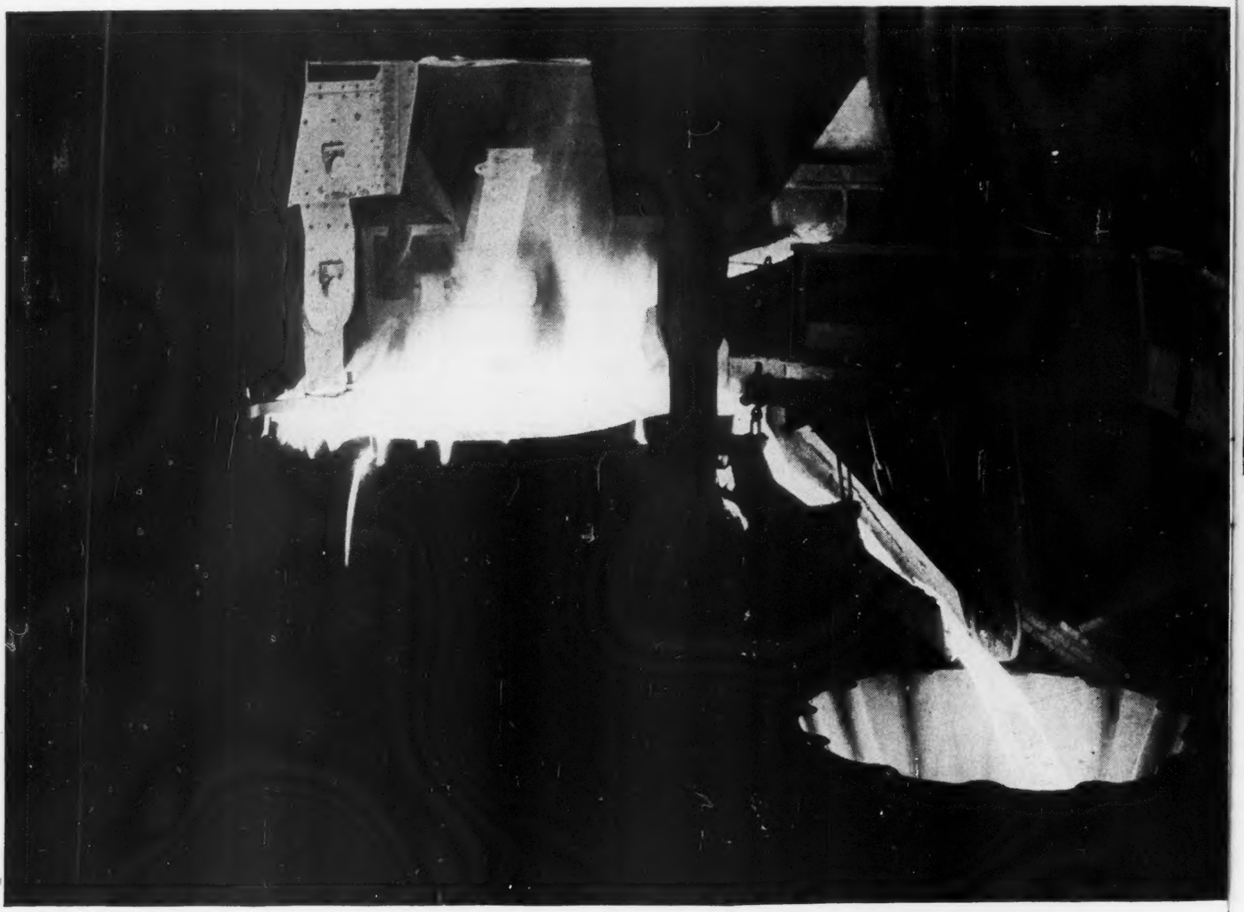
How the Steel Cartel Operated



THE extent to which American business has been affected by cartel agreements is traced by Miss Waldron. Described in particular are the organization, method of operation, and the extensive economic and political influences of the former international steel cartel.

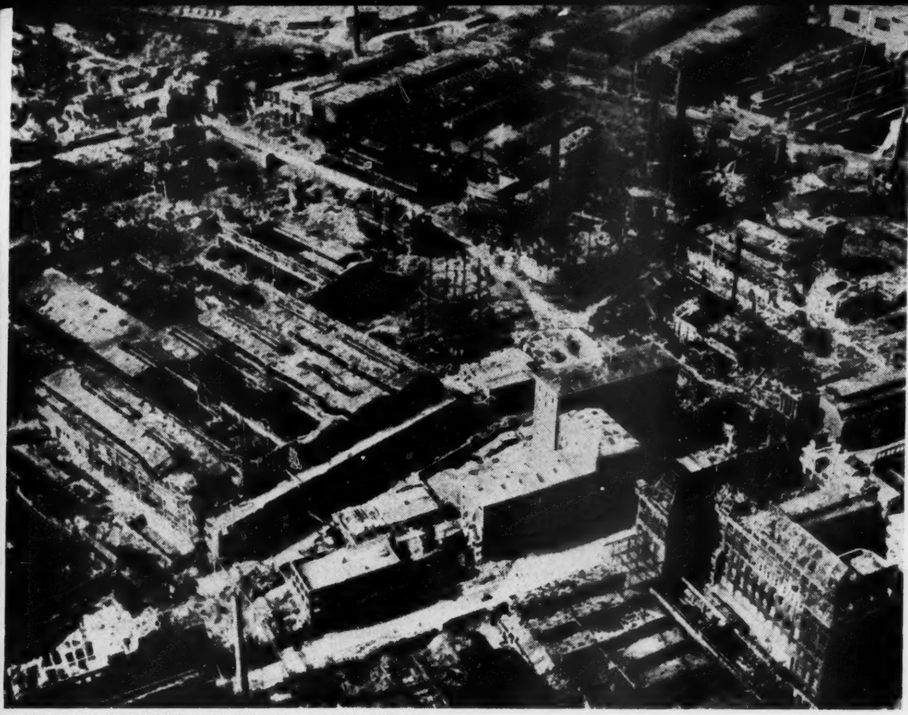
GLORIA WALDRON
The Twentieth Century Fund

THE term cartel was virtually unknown to the American language a generation ago. But a recent study shows that about 87 per cent by value of the mineral products sold in the United States in 1939, 60 per cent of the agricultural products, and 42 per cent of the manufactured products were "cartelized" to some degree. For two years now a research staff of the Twentieth Century Fund has been studying the cartel movement to see why it gained such momentum in the period between the two world wars. To answer the many broad questions involved requires broad historical interpretation and economic analysis. But it also requires a solid factual foundation. A part of the research undertaken was recording of actual cartel experience in specific industries.

Case histories of cartels thus developed were in eight industrial fields: sugar, rubber, nitrogen, iron and steel, aluminum, magnesium, electric lamps, and chemicals.

Despite marked similarities in these cartels and the wide range of industrial situations which they reflect it was possible to recognize broad, but not always differentiated categories. The cartels could be classified as defensive (sugar) and aggressive (aluminum); governmentally sponsored (sugar and natural rubber); and privately contrived (aluminum, magnesium, and electric lamps); and so on.

There is much to be said that is interesting about the examination of



BOMBED OUT KRUPP WORKS, ESSEN, GERMANY—ACME PHOTOGRAPH

When the Nazi armament program attained its full stride such large quantities of steel were needed at the Krupp Works and other armament centers that the German steel producers were not able to produce for export up to their cartel quotas. They demanded and received substantial bonuses from other national groups.

cartelization in each of the eight industrial fields. The history and background of the iron and steel cartel provides an example of private producer co-operation carried on in a situation of a quasi-public character; representatives of the various governments carefully watched and, in some instances, co-operated in the development of the arrangements in this industry.

The first international steel cartel was established in 1926, after months of negotiation, by the steel producers of Germany, France, Belgium, Luxemburg, and the Saar. Although these countries in the new Entente Internationale de l'Acier (EIA) produced less than one-third of world steel output, they accounted for about two-thirds of all exports.

The EIA tried to stabilize steel markets by (1) determining the total amount of crude steel to be produced by countries represented in the cartel, (2) dividing this allowable production among cartel members, and (3) penalizing cartel members whose country exceeded its allowance.

The world-wide economic difficulties of 1930 wrecked EIA's control of steel prices. By 1931 the cartel had collapsed. But in 1933 a new cartel came into being. This second cartel lasted until World War II disrupted it. Eventually it brought under its control 90 per cent of all iron and steel entering international trade. Thus it expanded from a purely European to a world steel cartel.

The second cartel undertook to extend its control over the marketing of steel in importing, as well as exporting, countries. It licensed distributors in importing countries, requiring them to observe fixed resale prices and terms and to handle only products of cartel members. In return it guaranteed a fixed margin of profit and a definite share of the markets.

The British Iron and Steel Federation joined EIA in 1935 with the official support of the British Government. After the British Federation had joined the cartel, the European industry encountered competition in world markets from the exporters of only a single important country—the United States. American exports, which had averaged more than 2 million tons annually during 1925-1929, declined to a low of 367,000 tons in 1932. The downward trend was reversed, however, with the general recovery of business. An uninterrupted increase in American steel exports after 1933 culminated in a peacetime high of 3,472,000 tons in 1937. As American exports threatened the cartel's control of world markets, steps were taken to bring the United States exports under concerted regulation.

A little history is necessary here. In 1928 a corporate charter had been obtained for the Steel Export Association of America under the terms of the Webb-Pomerene Act which authorizes co-operation among business rivals in export trade. It included in tts membership many independent steel companies operating in the export market, as well as export subsidiaries of dominant steel corporations. A major objective of the Association was to conduct export operations in such a manner as to disturb foreign markets as little as possible. The Association itself reported its chief advantages to be the "ability to meet foreign competition through establishing uniform terms and contracts for export sales, standardizing weights and qualities, and the collection and exchange of information regarding foreign markets." Before 1938, however, collaboration between the Export Association and the steel cartel was limited to price and quota agreements with three of the cartel's selling syndicates. These agreements covered exports of tinplate, rails, and tubular products.

U. S. Interests Join Cartel

Experience in these fields proving mutually satisfactory, the cartel undertook to broaden the area of collaboration. In the second quarter of 1936, the cartel opened negotiations with the Export Association looking to stabilization of export markets, generally, and its adherence to additional selling syndicates, specifically. The cartel reached a basic understanding with the American group in 1938 and specific agreements were concluded insuring American participation in the syndicates regulating the sales of "heavy products" and "sheet products." In accordance with arrangements, representatives of the Export Association took part in the policy-making decisions of both the cartel and its affiliated syndicates.

The Export Association agreed on behalf of its members to recognize the domestic markets of other cartel members as their exclusive marketing territories. In return, the cartel recog-

nized certain areas as American spheres of influence. American exporters received quotas based on their share of certain export markets during the year 1936. The Export Association assumed responsibility at the outset for keeping American exports within the assigned quotas. Should total American exports of any particular product exceed the American quota, the Association obligated itself to pay penalties—even though the excess resulted from failure of American independents to co-operate in the program.

Although the Webb-Pomerene Act authorizes co-operation among business rivals in the export trade, it prohibits an association of exporters from entering "either in the United States or elsewhere . . . into any agreement, understanding, or conspiracy," or doing any "act which artificially or intentionally enhances or depresses prices within the United States of commodities of the class exported by such an association, or which substantially lessens competition within the United States or otherwise restrains trade therein."

Effects on American Trade

Each of the agreements between the Export Association and the several selling syndicates accordingly contained a provision formally indicating the Association's compliance with the Webb-Pomerene Act. For example, the agreement of August 1, 1937, covering the export of rails, provided:

"Materials sold in the United States other than for export and sold for export to the United States shall not be covered by this agreement, and this agreement shall not be construed as in any way referring to trade in materials so sold and shall not be allowed directly or indirectly to restrain trade within the United States or the export trade of any domestic competitor of the American groups or to enhance or to depress prices of such material or to lessen competition therein within the United States."

In spite of the Association's formal adherence to the principles of the Webb-Pomerene Act its participation in the cartel apparently tended both to lessen competition in the American market and to curtail the export trade of domestic producers not members of the Association. A basic principle of the steel cartel was preservation of domestic markets for domestic producers. In entering the cartel, American producers agreed to respect the domestic markets of other cartel members and to limit their sales in neutral markets. What was the *quid pro quo?* What did the American steelmakers gain under the agreement by restricting their foreign sales? One possible gain is obvious—better prices for steel exports.

There is another bird, however, at which the stone may have been aimed. Cartel representatives made clear to the American group that if American members failed to implement effectively their general understanding with the cartel the cartel would lower steel prices drastically and ship large quantities of foreign steel into the higher priced American market. The Export Association's Board of Managers warned executives of the affiliated companies of this danger.

American participation in the cartel apparently tended to forestall such an invasion of the American market by foreign producers. Whether or not affiliation of the American group with the cartel was accompanied by an understanding, express or implied, that its domestic market would be reserved for domestic producers, the fact is that European members refrained from aggressive selling in the United States.

American participation in the cartel affected American trade in a second way. The Association guaranteed that total American exports of specific steel products would not exceed American quotas. As prices mounted during the second half of the 1930's, Association members confined their exports to their quotas. Non-members, however, increased greatly their share of American foreign trade.

As the cartel required Association members to pay heavy penalties on sales in excess of American quotas, even though the excess might have resulted from an increase in sales by non-members, American producers urged their European colleagues to cut prices in certain export markets to eliminate American non-members.

American membership in the steel cartel ended with World War II. It had lasted eighteen months. During this period, the Steel Export Association tried to overcome obstacles to American collaboration with European groups and to make the steel cartel an effective instrument for the control of world markets. Everywhere steel producers were avoiding competition as the means of promoting their separate interests, and were turning instead to co-operative action as a means of promoting the interests of all.

The steel cartel was a private business organization. The business groups that created it and managed it were undoubtedly trying to make international markets more profitable. Thus the cartel was designed to advance the private interests of these groups by dividing markets among the members, by regulating the rate at which steel moved into these markets, and by controlling prices.

Government Affiliations

In spite of the private character of the cartel, however, the national groups affiliated with it, excepting the American group, were closely associated with their respective national governments. Every European national group looked to its government for support and co-operation in negotiations with other national groups. Promulgation of the first cartel in 1926 was contingent on a satisfactory commercial treaty between Germany and France. The British Parliament raised the tariff on iron and steel in 1935 at the request of the British Iron and Steel Federation to aid it in persuading Continental members of the cartel to accept an import quota smaller than the normal Continental exports to Great Britain.

Such close co-operation between the national groups and their governments tended to develop an identity of interest between them. This identity of interest was most marked in Germany. In May 1932 the Bruening Government secretly acquired a controlling interest in the dominant German steel producer, Vereinigte Stahlwerke. It paid for the stock about four times its market price. Vereinigte Stahlwerke had the only artillery munitions plant left in Germany under the

Versailles Treaty, and produced about 50 per cent of German iron and steel. Although the government's ownership of Vereinigte was reduced through a later reorganization of the steel trust, the government remained the largest single shareholder.

The bond between the German steel trust and the government was even closer after the Nazis seized power in 1933. In fact Nazism was nourished by funds supplied by steel industrialists. Fritz Thyssen, leading spirit in the trust, had cast his lot with Hitler as early as 1928 when he made a large gift to the National Socialist Party. Dr. Albert Vogler, chairman of Vereinigte's Executive Board, in presenting a plan for reorganization of the trust on November 29, 1933, commented on the favorable political environment created by Hitler's accession to power:

"Wavering governments have been replaced by a firm state leadership. Together with peace and order also confidence has been established and thus the basis for a recovery of our economic system. With that the moment has come for the realization of all measures which form the basis for the future organic development of our industrial relationship. We can, therefore, today submit to you for determination the plan for the consolidation of the founder companies Gelsenkirchener, Phoenix, Van der Zypen and Vereinigte Stahlwerke . . . which has been so carefully prepared and examined in all details that it will work out favorably not only for our company but for the German economic system as well."

In an interim report for the period from April 1 to September 30, 1934, the management said: "With the reorganization of the Vereinigte Stahlwerke Aktiengessellschaft a phase of development is complete which conforms to the basic principles of national socialist economics . . ."

Represented Government

As the Nazi program for controlling the national economy unfolded, the domestic steel cartel, in which Vereinigte Stahlwerke played a dominant rôle, became a quasi-public institution. Though it was an agent of a government preparing for war, it represented the German national group in the international steel cartel.

The German industrialists at cartel meetings no longer acted exclusively in their private business capacity. They were representatives of their government as well, and as such were responsible for promoting the national interest of the Nazi state. These interests did not necessarily conflict; on the contrary, they were generally in harmony. However, the increasing, but concealed, influence of a fascist regime in the affairs of the international steel cartel created a cleavage of interests, apparently not always recognized, between the German group and the national groups of democratic countries.

Three illustrations of how the German national group influenced cartel policy to promote German national interests follow:

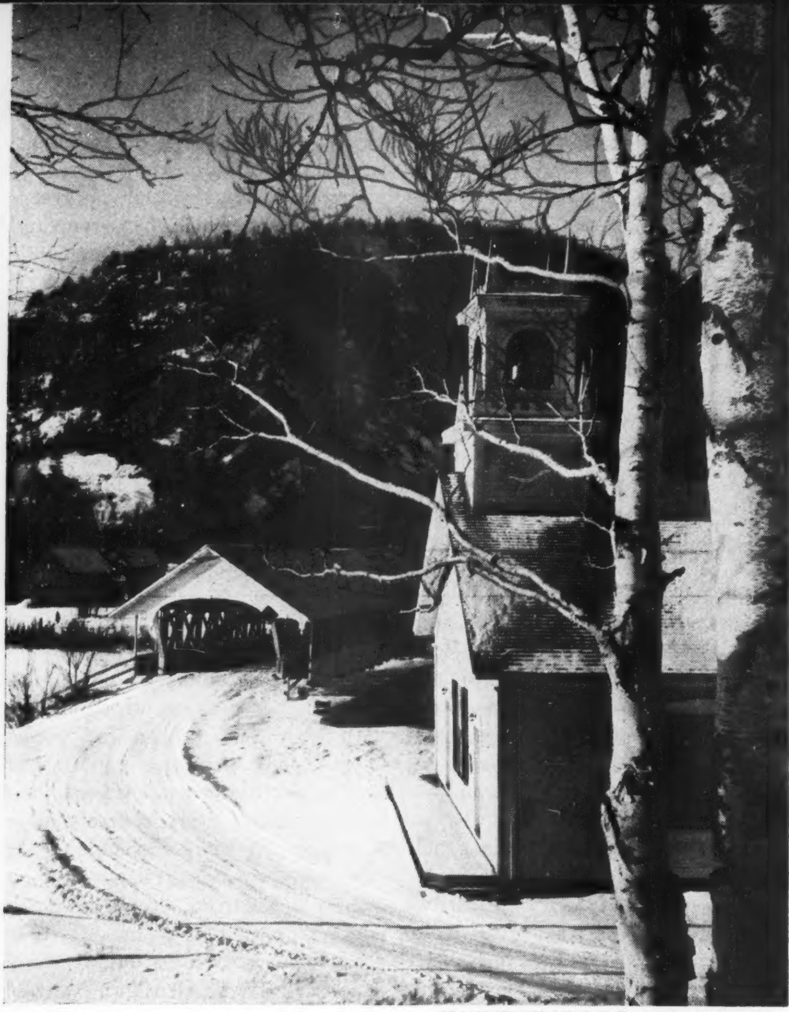
1. In 1938 Stahlwerke Verband, representing the German national group in the international cartel, tried to prevent establishment of a sheet mill in Greece and thereby to retard the industrialization of Greece. It persuaded the other national groups in the cartel to refuse to sell semi-finished steel to Greek buyers. The German producers' effort to block Greek industrialization was apparently consistent with both their private and public interests. As the largest exporters of steel on the European continent, their interest was to prevent development of competitive sources of supply. As representatives of a great power, their interest was to make secure Germany's position as supplier of manufactured goods to an agricultural hinterland and to forestall development in a potential enemy country of an industry basic to national armament.

2. The Nazi Government tried to advance Germany's national interest by

(Continued on page 58)

DEVANEY PHOTOGRAPH

"American participation in the cartel apparently tended to forestall an invasion of the American market by foreign producers. Whether or not affiliation of the American group with the cartel was accompanied by an understanding, express or implied, that its domestic market would be reserved for domestic producers, the fact is that European members refrained from aggressive selling in the United States. . . . The Steel Export Association tried to overcome obstacles to American collaboration with European groups and to make the steel cartel an effective instrument for the control of world markets."



VILLAGE CHURCH, STARK, N. H.—BY POTE FROM DEVANEY

The Trend OF BUSINESS

PRODUCTION . . . PRICES . . . TRADE . . . FINANCE

Industrial production at a post-war high in November was later adversely affected by the coal strike. Employment remained at record levels. High prices and Christmas purchases boosted retail trade volume. Liabilities involved in business failures rose.

THE physical volume of industrial production, little changed from September through November, was at post-war peaks and well above pre-war levels. A decline in output late in November resulted from the closing of bituminous coal mines. United Mine Workers started to leave mines on November 18 and by November 21, U.M.W.A. mines were shut down. Coal stocks held by industry, railroads, and electric power utilities before the November walkout were below those on hand before the April-May coal strike and totalled less than 34 days' consumption. Steel mill operations, automobile manufacturing, and railroad travel were curtailed more quickly after the beginning of the November than the April coal strike.

Industrial Production

Seasonally Adjusted Index 1935-1939 = 100, Federal Reserve Board

	1943	1944	1945	1946
January	227	243	234	160
February	232	244	236	152
March	235	241	235	168
April	237	[illegible]	230	165
May	239	236	[illegible]	159
June	237	235	[illegible]	170
July	240	230	210	172
August	242	232	186	177
September	244	230	167	[illegible]
October	247	232	162	[illegible]
November	247	232	168	183*
December	241	232	163	

* Approximation; figure from quoted source not available.

On December 9 most coal miners returned to work and industrial activity started to recover. Although there were sharp setbacks in coal, steel, automobile, and other industrial production either in the last week of November or in the first part of December, the post-war peak levels attained in many lines early in November maintained total production for November close to the high October level.

Inventories of manufacturers are currently smaller in relation to shipments than in 1939. Manufacturers' inventories increased in value each month from January through October and at the end of October were almost double the 1939 monthly average. Total shipments in October were about two and one-half times the monthly average for 1939, a considerably larger rise than that for inventories. Non-durable goods inventories at the end of October were 84 per cent above the 1939 average while shipments were up 136 per cent; durable goods inventories were up 111 per cent, shipments 165 per cent. From the end of September to the end of October the transportation equipment (excluding automobiles) and food industries had the largest percentage increase in inventory value of all industry groups. Almost half of the total monthly inventory rise in all industries was in finished goods.

Business Inventories

Billions of Dollars; U. S. Department of Commerce

	1943	1944	1945	1946
January	27.88	27.82	26.50	26.60
February	27.57	27.99	26.56	27.07
March	27.76	28.04	26.69	[illegible]
April	27.67	27.88	26.79	[illegible]
May	27.68	27.78	26.75	[illegible]
June	27.41	27.63	26.56	[illegible]
July	[illegible]	[illegible]	26.41	30.09
August	28.09	27.77	[illegible]	31.33
September	28.41	27.74	26.98	32.42
October	28.54	27.88	27.36	34.01
November	28.71	27.63	27.58	
December	27.70	26.61	26.39	

* Approximation; figure from quoted source not available.

Employment With the final victory in World War II came a drop of over two million

in the number of persons who were working. During the following months of reconversion many war workers left the labor force entirely and were replaced by veterans seeking jobs. Trade, service, construction, and light manufacturing industries absorbed increasing numbers of workers and by July 1946 an all-time high in employment was reached. Seasonal declines in many lines were primarily responsible for the subsequent slow decline in total civilian employment. During the November 9 census week, 57,040,000 persons were employed, 5,310,000 more than in the same week in 1945.

Unemployment rose rather steadily after the end of the war reaching its post-war peak in March when 2,710,000 persons were out of work and looking for a job; this was well below the unemployment level in the years immediately before the war. Gradually many of these persons found jobs and the ranks of the unemployed were not increased to any large extent by persons

Employment

Millions of Persons; U. S. Bureau of Census

	1943	1944	1945	1946
January	51.4	50.4	50.1	51.4
February	51.2	50.3	50.6	51.7
March	51.2	50.5	50.8	53.0
April	51.6	51.3	51.2	54.0
May	52.6	53.0	51.3	55.3
June	54.0	53.2	52.1	56.7
July	54.8	54.0	54.3*	58.1
August	54.4	53.2	53.5	58.0
September	53.0	52.3	51.3	57.4
October	52.2	52.2	51.6	57.4
November	51.7	51.5	51.7	57.0
December	51.0	50.6	51.4	

* New series.

losing jobs. By November only 1,930,000 persons were unemployed.

Income Individuals received more income in the last quarter of 1946 than in any other three-month period on record. Income payments to individuals are estimated at $165 billion for the year, 3 per cent above the former peak in 1945.

Although salaries and wages rose steadily during the last three quarters of 1946, they remained below the wartime highs. Commodity producing industries expended increasing amounts in salaries and wages during 1946 but payments did not reach the high wartime rate. In distribution and service lines salaries and wages rose during 1946 to exceed former peaks established during the war. Government payrolls (including military) decreased slowly during 1946.

Net income of owners of unincorporated business and net rent received by landlords set new records during the year. Public assistance and other relief payments increased but the changes were of small magnitude. Agricultural income payments varied little during the first half of 1946; wide variations later in the year were due primarily to the changing policy on ceiling prices of livestock.

Weekly earnings in manufacturing industries rose from about $41 to over $45 during 1946, coming close to the January 1945 wartime peak of $47.50. The gains during the year in weekly earnings reflected mainly continued increases in hourly wage rates.

(Continued on page 26)

PRICES . . . CLEARINGS . . . PERMITS . . . NEW INCORPORATIONS

COMPILED BY THE PUBLISHERS OF "DUN'S REVIEW"

More detailed figures appear in DUN'S STATISTICAL REVIEW.

Wholesale Food Price Index

The index is the sum total of the wholesale price per pound of 31 commodities in general use:

1946	1945	1946
Dec. 24..$6.32	Dec. 25..$4.15	High $6.49 Nov. 19
Dec. 17.. 6.28	Dec. 18.. 4.16	Low 4.12 Jan. 22
Dec. 10.. 6.35	Dec. 11.. 4.16	
Dec. 3.. 6.39	Dec. 4.. 4.15	**1945**
Nov. 26.. 6.43	Nov. 27.. 4.16	High $4.16 Nov. 27
Nov. 19.. 6.49	Nov. 20.. 4.15	Low 4.04 Sept. 4

Daily Wholesale Price Index

The index is prepared from spot closing prices of 30 basic commodities. (1930-1932 = 100).

	1946				
	Dec.	Nov.	Oct.	Sept.	Aug.
1....	†	232.56	229.64	†	224.68
2....	239.82	230.21	230.76	*	266.62
3....	240.39	†	231.58	222.24	226.62
4....	240.52	234.25	232.06	222.17	† ....
5....	239.59	*	232.66	222.42	228.53
6....	241.36	233.05	†	222.70	225.41
7....	241.61	231.83	232.72	223.22	224.53
8....	†	233.65	233.56	†	225.28
9....	241.13	233.81	233.57	222.70	226.11
10....	240.85	†	234.09	222.18	226.11
11....	242.83	*	234.50	222.83	† ....
12....	242.28	235.34	*	223.05	226.83
13....	243.36	236.13	†	223.46	225.75
14....	244.35	238.38	233.42	223.93	226.83
15....	†	238.59	243.90	†	226.80
16....	244.88	239.09	242.63	223.98	226.16
17....	243.55	†	233.75	224.35	226.51
18....	246.48	239.64	234.85	225.41	† ....
19....	244.90	240.15	233.47	226.04	225.71
20....	245.23	241.05	†	226.62	224.82
21....	245.00	239.79	235.60	227.39	226.40
22....	†	240.00	236.73	†	229.03
23....	245.59	240.16	239.03	228.05	230.81
24....	246.34	†	240.40	229.26	230.81
25....	*	240.97	237.39	229.62	† ....
26....	245.75	240.36	*	229.55	226.83
27....	245.76	239.87	†	229.39	229.60
28....	......	*	235.56	229.45	229.10
29....	......	240.74	233.71	†	228.87
30....	......	240.47	230.41	229.73	227.01
31....	......		231.02		227.01

† Sunday. * Markets closed.

Bank Clearings—Individual Cities

(Thousands of dollars)

	November 1946	November 1945	% Change
Boston	1,847,509	1,669,563	+10.7
Philadelphia	3,434,000	2,920,000	+17.6
Buffalo	315,938	251,605	+25.6
Pittsburgh	1,048,045	974,276	+ 7.6
Cleveland	1,144,616	899,715	+27.2
Cincinnati	632,058	500,751	+26.2
Baltimore	784,549	662,480	+18.4
Richmond	518,696	412,683	+25.7
Atlanta	911,400	716,700	+27.2
New Orleans	499,803	419,382	+19.2
Chicago	2,844,590	2,379,057	+19.6
Detroit	1,340,929	1,100,758	+21.8
St. Louis	954,531	830,504	+14.9
Louisville	406,608	330,430	+23.1
Minneapolis	968,082	753,572	+28.6
Kansas City	1,184,806	889,090	+33.3
Omaha	435,673	345,626	+26.1
Denver	379,766	315,396	+20.4
Dallas	791,748	638,760	+23.9
Houston	654,077	527,423	+24.0
San Francisco	1,637,850	1,379,305	+18.7
Portland, Ore.	408,184	312,696	+30.5
Seattle	395,521	361,386	+ 9.4
Total 23 Cities	23,539,879	19,591,257	+20.2
New York	28,395,727	27,770,217	+ 2.3
Total 24 Cities	51,935,606	47,361,474	+ 9.7
Daily Average	2,258,070	2,059,195	+ 9.7

Building Permit Values—215 Cities

Geographical Divisions:	November 1946	November 1945	% Change
New England	$16,436,747	$9,675,802	+ 69.9
Middle Atlantic	32,079,104	34,456,205	— 6.9
South Atlantic	17,334,127	14,645,356	+ 18.4
East Central	35,370,240	36,843,159	— 4.0
South Central	16,494,826	18,252,525	— 9.6
West Central	10,114,017	12,212,722	— 17.2
Mountain	3,625,448	5,058,588	— 28.3
Pacific	26,625,289	32,225,545	— 17.4
Total U. S.	$158,079,798	$163,369,902	— 3.2
New York City	$20,937,376	$21,631,532	— 3.2
Outside N. Y. C.	$137,142,422	$141,738,370	— 3.2

New Business Incorporations

	Oct. 1946	Sept. 1946	Aug. 1946	Oct. 1945
Alabama	95	106	90	31
Arizona	54	59	43	29
Arkansas	40	29	55	30
California	776	752	855	386
Colorado	74	64	68	31
Connecticut	148	172	159	98
Delaware	229*	225†	221	163
Florida	377	306	342	393
Georgia	168	136	177	62
Idaho	50*	45*	35*	8
Illinois	622	549	629	371
Indiana	149	192	187	83
Iowa	75	76	74	41
Kansas	64	32	30	35
Kentucky	59	69	71	52
Maine	43	32	48	48
Maryland	154	136	178	157
Massachusetts	360	350	348	324
Michigan	331	318	263	125
Minnesota	144	154	101	69
Mississippi	82	88	65	28
Missouri	161	155	152	116
Montana	13	22	21	13
Nebraska	42	52	45	21
Nevada	40	63	57	35
New Hampshire	35	29	39	25
New Jersey	714	558	627	581
New Mexico	25	20	22	18
New York	2,805	2,579	2,644	2,272
North Carolina	159	169	188	121
North Dakota	12	18	9	5
Ohio	460*	417†	427†	280
Oklahoma	55	29	34	66
Oregon	80	87	103	40
Pennsylvania	900	255	649	207
Rhode Island	76	81	89	57
South Carolina	75	74	94	36
South Dakota	18	16	19	12
Tennessee	115	150	126	55
Texas	316	255	201	109
Utah	42	29	31	22
Vermont	26	21	25	10
Virginia	132	97	142	67
Washington	141	144	147	85
West Virginia	76	60	64	45
Wisconsin	151	205	176	105
Wyoming	21	11	10	12
Total 47 States	10,784	9,441†	10,279†	6,979

* Preliminary. † Revised.

Prices In June prices of goods at wholesale markets were 6 per cent higher than they were a year earlier. With the OPA temporarily extinct in July and August, prices moved up 14 per cent from the June level but dropped off slightly in September when many OPA ceilings were reinstated. With the acceleration of the program of raising price ceilings during

Wholesale Commodity Prices

Index 1926 = 100. U. S. Bureau of Labor Statistics

	1943	1944	1945	1946
January	101.9	103.3	104.9	[illegible]
February	102.5	103.6	105.2	[illegible]
March	103.4	103.8	105.3	[illegible]
April	103.7	103.9	105.7	[illegible]
May	104.1	104.0	106.0	111.0
June	[illegible]	[illegible]	[illegible]	112.9
July	103.2	104.1	105.9	124.7
August	103.1	103.9	105.7	129.1
September	103.1	104.0	105.2	124.0
October	103.0	104.1	105.9	134.1
November	102.9	104.4	106.8	138.0*
December	103.2	104.7	107.1	

* Approximation; figure from quoted source not available.

October culminating in practically complete decontrol in mid-November, wholesale prices as a group rose appreciably and in November were about 22 per cent above the June level.

Food prices as a group had advanced more than prices of any other commodity in the year; in November they were about 52 per cent higher than those in the same 1945 month. Prices of hides and leather products were 35 per cent above those in November 1945; prices of textile products and farm products were up 29 per cent. In recent months prices of several individual commodities shot up and then began to decline. Meat, butter, poultry, eggs, corn, and cotton prices reacted to a great extent in that manner.

Each month after February the U. S. Bureau of Labor Statistics' consumers' price index, which reflects retail prices of living essentials used by moderate-income city families, increased slowly. In July there was a large jump in retail prices, followed by more moderate gains in the succeeding months of the

Consumers' Price Index

Index: 1935-1939 = 100; U. S. Bureau of Labor Statistics

	1943	1944	1945	1946
January	120.7	124.2	127.1	129.9
February	121.0	123.8	126.9	129.6
March	122.8	123.8	126.8	130.2
April	124.1	124.6	127.1	[illegible]
May	125.1	125.1	128.1	[illegible]
June	124.8	125.4	[illegible]	133.3
July	[illegible]	126.1	129.4	141.2
August	123.4	126.4	129.3	144.1
September	123.9	126.5	128.9	145.9
October	124.4	126.5	128.9	148.4
November	124.2	126.6	129.3	150 *
December	124.4	127.0	129.9	

* Approximation; figure from quoted source not available.

year. By mid-November retail prices were about 16 per cent higher than they were a year previous, and 13 per cent above the mid-June level.

Trade With the beginning of the Christmas buying rush and the continued rise in the prices of goods, the dollar volume of retail trade in November was pushed above the all-time high in October. Although sales volume in the last quarter of 1946 exceeded volume in the corresponding 1945 period by percentages equivalent to that for the year as a whole, higher

Retail Sales

Seasonally Adjusted Index: 1935-1939 = 100; U. S. Department of Commerce

	1943	1944	1945	1946
January	158.1	175.6	193.3	237.6
February	168.4	173.9	193.9	[illegible]3.3
March	161.3	177.9	196.4	241.6
April	159.0	169.6	180.6	236.2
May	156.5	174.5	184.6	236.9
June	164.2	174.4	[illegible]	238.7
July	164.4	179.4	[illegible]	247.5
August	165.9	[illegible]	196.2	261.4
September	165.6	179.1	195.2	256.5
October	169.3	185.0	207.8	259.3
November	174.1	192.0	220.1	275*
December	171.4	187.7	216.8	

* Approximation; figure from quoted source not available.

prices accounted more and more for the rise in the final months of 1946. In comparing monthly sales gains over a year ago, it is important to remember that sharp increases in volume were recorded in the fourth quarter of 1945—the first Christmas season after the cessation of hostilities. Total retail sales in 1946 are estimated at $96 billion, 25 per cent above those in 1945. It is estimated that the physical volume of retail sales in 1946 was between 15 and 20 per cent above that in 1945.

During 1946 durable goods stores accounted for an increasing percentage of total retail sales. By October, 21 per cent of expenditures in all retail stores was for durable goods compared with 15 per cent in 1945 and 25 per cent for the year 1939. Sales in most non-durable goods lines formed decreasing percentages of total retail sales during the year.

Of the twelve groups of retail stores only automotive stores and home furnishings stores had sales which formed a larger percentage of total retail sales in October 1946 than in October 1945. But the percentage of automotive to total retail store sales in October 1946 remained below that for 1939.

All groups of stores increased their sales volume from October 1945 to October 1946. The greatest gains were

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ARMAZENS REUNIDOS, LDA. (B 580). Importers hunting, fishing, sport goods, paper, office appliances.

AUTO CARROCERIAS, LDA. (B 406). Importers of materials for construction of automobile and bus bodies.

AUTO-GERAL V. GARCIA, LDA. (B 499). Tel. Add.: Garciviana. Agents and importers of automobile spare parts.

A. WUNDERLI (B 688). Import, export agent, Port Wine dealer. Sales agents required.

CANTINHOS & MARQUES, LDA. (B 159). Manufacturers, exporters corks, corkwood, corkwaste and virgincork.

CARLOS GOMES & CA., LDA. (B 658). Tel. Add.: Vante. Ship brokers, forwarding agents, stevedores. Chartering.

EMPREZA TECNICA & ADMINISTRACOES, LDA., R. Nova Trindale, 1. Import metals, chemicals, machinery, scientific equipment.

ESTABELECIMENTOS ALVES DINIZ & CA. (B 343). Tel. Add.: Aldiniz. Foodstuff importers and exporters.

EST. JERONIMO MARTINS & FILHO, LDA., R. Garrett, 23. Importers groceries, chemicals, stationery, perfumes, etc.

FERNANDES & PINTO, LDA., R. Maria Andrade. Import anilines, pigments, essential oils, raw materials for tanning, perfumery and textile.

FERNANDO CASTEL-BRANCO, Ave. João Crisostomo, 25. Import and export. Philatelic department.

FRANCISCO BENITO & CA., LDA. Export olive oil, fresh and dried fruit, olives, garlic, paprika, Guinea pepper, etc.

HENRY M. F. HATHERLY, LDA., Rua Comercio, 8. Tel. Add.: Ergo. Merchants, agents, import and export ergot rye, saffron, medicinal-aromatic herbs, brandies, wines.

INSTITUTO PASTEUR DE LISBOA (B 378). Mfrs., import, export pharmaceutical, chemicals, surgery material, etc.

J. LAVADO & CA., LDA. (B 590). Sales agents, export preserves, Colonials, cork; import raw materials, chemicals.

JOHN W. NOLTE, LDA. (B 92). Exporters of cork, sardines; importers, agents iron, steel, non-ferrous metals.

J. PACHECO CALÉ, LDA., Rua S. Julião, 80, 3°. Tel. Add.: Calel. General agents.

J. VASCONCELOS, LDA., Praca Duque da Terceira, 24, Lisbon. R. Infante D. Henrique, 73, Oporto. Ship, chartering agents.

MANUEL DE OLIVEIRA GOMES, Restauradores, 13. Import and export wool, dyes, electrical and household utensils.

MANUEL PATRONE (B 622). Importer of raw materials and machinery for rubber, shoe and glove industry.

MANUEL VENTURA FRADE (B 226). Packer, exporter, sardines, Algarve-tunny, mackerel, anchovies in pure olive oil.

MARIO SILVA, Rua das Flores, 81. Shipping agent, import and export.

MARMORES DE SOUSA BAPTISTA, LDA., Praça do Municipio, 30. Exporters of marbles.

RADIO INDUSTRIAS, LDA., Rua da Madalena, 85. Tel. Add.: Radustrias. Import radios, photographic commodities.

RODRIQUES & REIS, LDA., Rossio, 93, 2°. Commission agents and merchants. Desire foodstuff and other agencies.

SANO TECNICA, LDA., R. Nova Almeda, 61. Surgical instruments, laboratory apparatus, furniture, reagents, etc.

SOC. COMERCIAL LUSO-AMERICANA, LDA., Rua Prata, 145. Import-export stationery, office equipment, all novelties.

SOC. COM. POLLERI, LDA., Rua Andrade, 63. Import all industrial requirements. Manufacturers' representatives.

SOCIEDADE LUSO-BRITANICA, LDA., Rua Corpo Santo, 10. Tel. Add.: Diasal. General agents.

SOCIEDADE LUSO-SUECA, LDA. (B 146). Tel. Add.: Luzul. Seeks factory representations. Knitting machines; industrial sewing; machines for tailors, and shirt makers.

SOCIEDADE DE VINHOS & MOSTOS, LDA. (B 563). Tel. Add.: Vimosto. Exporters of Portuguese wines and brandies.

WALTER STOCK (B 7). Importer general and consumers goods of all kinds. Exporter and packer of sardines in oil.

MATOZINHOS (Portugal)

ANT. & HENR. SERRANO, LDA. Tel. Add.: Dragão. Packers and exporters of sardines and anchovies in pure olive oil.

BRANDAO & CA., LDA. Tel. Add.: Varina. Canned foods and olive oil. Manufacturers and exporters.

CONSERVAS PRADO, LDA. (B 27). Tel. Add.: Prado. Packer, exporter, canned fish, boneless, skinless sardines.

DIAS. ARAUJO & CA., LDA. (B 15). Sardines, anchovies and all kinds of canned fish. Packers and exporters.

JOSE RODRIGUES SERRANO & F., LDA. (B 8). Tel. Add.: Ressano. Packers and exporters of sardines. Principal brands: Serrano, Boa Nova, Ideal, Alta Classe, Orgueil.

LAGE, FERREIRA & CA., LDA. Packers and exporters of anchovies and skinless and boneless preserved sardines.

SOCIEDADE DE CONSERVAS JOANA D'ARC, LDA. (B 16). Tel. Add.: Joarc. Packer, exporter fish preserves.

OPORTO (Portugal)

A. C. PIMENTA, LDA., Rua Sá Bandeira, 283. Cotton agents. Interested in agencies for artificial silk yarns and textiles in general. Also electric home appliances.

AUMAFECA, Rua Entreparedes, 16, sala 15. General agent for own account. Import and export.

BANCO BORGES & IRMAO (B 33). Tel. Add.: Borgimao. Branches in Lisbon and main towns. All banking services.

BENTO PEIXOTO & LOPES, LDA., Rua Mousinho Silveira, 81. Import iron, steel, tinplate, tools, ironmongers.

DROGARIA MOURA, LDA., Largo S. Domingos, 101. Import industrial chemicals, pharmaceuticals, drugs, paints.

E. BRUNNER & CA., LDA. (B 112). Import dyestuffs, chemicals, patent medicines, plastics, rayon, textile machines.

ESPECIALIDADES ELECTRICAS, LDA., Rua Fernandes Tomaz, 710. Insulating; machines, domestic appliances.

J. GUIMARAES & FERREIRA, LDA., R. José Falcão, 171. Imp., tobacco, stationery, hardware, novelties, electrical.

J. ROCHA, LDA., R. Passos Manuel, 166. Importers of radios, refrigerators, electric ovens and medical electricity.

LEMOS & FILHOS, LDA., Praça Carlos Alberto. Import pharmaceutical specialties, perfumes, beauty preparations.

LIVRARIA SIMOES LOPES, Rua do Almada. Est. 1880. Books, editors, importers; export stationery, office supplies.

MANUEL FREDERICO, Rua S. Antonio, 57, 1°. Seeks agency Portugal, Portuguese Africa general merchandise.

REPRESENTACOES ANGLO-AMERICANAS, LDA., R. José Falcão, 133. Fluorescent, electrical home appliances.

REPRESENTACOES ANGLO-LUSITANAS, LDA., Praça da Batalha, 90. Tel. Add.: Ralim. Building, chemical products.

SOCIEDADE IMPERIO COLONIAL, LDA. Head Office: R. José Falcão, 171. Africa import and export.

TASSO DE SOUSA, MAGALHAES & CA., LDA., R. Firmeza. 476. Motor cars, accessories. Sales agents and importers.

UNIVERSAL, SOCIEDADE ACOS MAQUINAS & FERRAMENTAS, LDA., Rua Sá Bandeira, 534. Imp. machines, tools for industries.

VILA NOVA DE GAIA (Portugal)

MIGUEL DE SOUZA GUEDES & IRMAO, LDA. Est. 1851. Proprietors Alto Douro. Exp. Port Wine, brandy.

SPIR. SOC. PORT. I. & REPRESENTACOES, LDA. Importers iron, steel, wire, tubes, small tools, machinery.

made in the automotive, home furnishings, building materials and hardware, general merchandise, and food stores, with the percentage gains ranging from 123 to 20 per cent.

Inventories in retail stores increased in value each month in 1946 totalling $9.1 billion at the end of October, $3.3 billion more than at the end of December 1945, and $3.81 more than the 1939 monthly average. The rate of inventory turnover during 1946 exceeded the 1939 rate; each month from January through August 1946 inventories were below sales for the month. In October inventories at the end of the month were 1.04 times sales compared with 1.5 for the 1939 average.

Wholesale trade activity slackened in November after breaking all records in October, the month when trade volume is seasonally high for the year. Wholesalers sold close to $125 billion worth of goods in 1946 which was 19 per cent more than in 1945. Although inventories of wholesalers increased each month in 1946 it was not until September that they reached record proportions. While average monthly inventories in 1946 were valued about 30 per cent above those in 1939, turnover in 1946 far exceeded that in 1939. Average monthly inventories in 1939 were 0.76 times average monthly shipments; in no month in 1946 were inventories at the end of a month more than 0.5 times the monthly shipments.

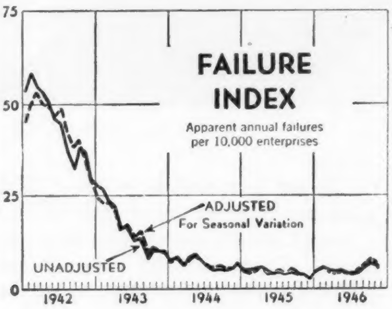
Finance Stock prices evened off somewhat in November as the decline which started in June lost momentum. The Dow-Jones average of prices of 65 stocks sold on the New York Stock Exchange in November was slightly above the October average as the rise in prices of railroad and public utility stock more than offset the decline in industrial stock prices.

Bank debits, reflecting the increase in trade activity since the end of the war, in 1946 were about 9 per cent above those in 1945, according to Federal Reserve Board figures from 140 centers outside New York. Business activity has been supported by continually increasing loans from banks. Commercial, industrial, and agricultural loans by Federal Reserve member banks in 101 cities totalled over $10 billion in November compared with $6.8 billion

in the same 1945 month. Consumer installment loans, another support to high trade volume, expanded during the year. With the moderation of Federal Reserve Board Regulation W effective December 1, consumer credit was extended more extensively.

Failures Although lower than in the previous month, business failures continued above 100 in November. Concerns failing totalled 104, more than in any month except October in over two years but considerably fewer than in pre-war years. The Failure Index, which projects the monthly failure rate to an annual basis, indicated 6 concerns failing per 10,000 business enterprises, compared with less than 4 in November of 1945.

The liabilities involved in November failures, increasing for the fifth consecutive month, were the largest for any month since December 1941. The sharp rise in liabilities was due primarily to sixteen large concerns whose failures involved liabilities of $100,000 or more. The liabilities of four of these failures exceeded $1,000,000. This represented the first time since 1938 that as many as four concerns have failed in



THE FAILURE RECORD

	Nov. 1946	Oct. 1946	Nov. 1945	Per Cent Change†
DUN'S FAILURE INDEX *				
Unadjusted	5.9	6.3	3.8	+ 55
Adjusted, seasonally...	5.8	7.1	3.8	+ 53
NUMBER OF FAILURES...	104	123	60	+ 73
NUMBER BY SIZE OF DEBT				
Under $5,000.........	20	20	17	+ 18
$5,000–$25,000	55	62	25	+ 120
$25,000–$100,000	13	30	17	— 24
$100,000 and over. ...	16	11	1	+1,500
NUMBER BY INDUSTRY GROUPS				
Manufacturing	38	60	21	+ 81
Wholesale Trade.....	8	17	10	— 20
Retail Trade.........	36	21	14	+ 157
Construction	9	14	8	+ 13
Commercial Service...	13	11	7	+ 86
LIABILITIES *(in thousands)*				
Current	$12,511	$6,400	$1,268	+ 887
Total	$16,179	$6,650	$1,268	+1,176

* Apparent annual failures per 10,000 enterprises; formerly called DUN'S INSOLVENCY INDEX.

† Per cent change of November 1946 from November 1945.

Industrial Stock Prices

Monthly Average of Daily Index; Dow-Jones

	1943	1944	1945	1946
January	121.52	137.74	153.95	[illegible]
February	127.40	135.97	157.13	[illegible]
March	131.15	139.07	157.22	[illegible]
April	134.13	137.19	[illegible]	[illegible]
May	138.60	139.22	[illegible]	[illegible]
June	141.25	145.46	[illegible]	207.32
July	142.90	148.37	163.96	202.27
August	136.34	[illegible]	166.16	199.44
September	[illegible]	[illegible]	177.96	172.72
October	138.25	147.68	185.07	169.48
November	132.66	146.88	190.22	168.94
December	134.57	150.35	192.74	

this size group in a single month. An increase also occurred in the $5,000-$25,000 liability class where failures were more than twice as numerous as in November a year ago. There were fewer concerns failing with liabilities between $25,000 and $100,00 than in the same month of 1945.

Manufacturing and retailing accounted for three-fourths of the total failures occurring during the month. Contrary to the marked concentration of failures in manufacturing in the previous month, concerns failing in November were evenly divided between manufacturing and retail trade. The number of retailers failing was the largest in over a year and a half. In wholesale trade alone failures were less numerous than a year ago.

Among the individual lines of indus-

Failures by Divisions of Industry

(Current liabilities in thousands of dollars)	Number Jan.-Nov. 1946	Number Jan.-Nov. 1945	Liabilities Jan.-Nov. 1946	Liabilities Jan.-Nov. 1945
Mining, Manufacturing...	408	257	31,670	16,106
Mining—Coal, Oil, Misc....	14	16	1,452	2,481
Food and Kindred Products	20	13	2,953	329
Textile Products, Apparel..	22	17	485	273
Lumber, Lumber Products..	52	43	2,211	1,609
Paper, Printing, Publishing.	13	13	424	471
Chemicals, Allied Products.	17	11	1,470	117
Leather, Leather Products..	5	8	191	240
Stone, Clay, Glass Products.	8	7	582	249
Iron, Steel, and Products...	25	24	2,045	1,481
Machinery	118	50	10,287	3,471
Transportation Equipment..	33	19	6,459	3,567
Miscellaneous	81	36	3,111	1,728
Wholesale Trade.........	83	59	3,684	1,135
Food and Farm Products...	22	15	1,682	429
Apparel	4	6	161	53
Dry Goods.................	2	3	39	41
Lumber, Bldg. Mats., Hdwr.	4	3	265	113
Chemicals and Drugs.......	8	6	150	90
Motor Vehicles, Equipment.	1	1	47	25
Miscellaneous	42	25	1,340	384
Retail Trade..............	269	280	5,248	3,002
Food and Liquor	44	49	597	349
General Merchandise	8	11	142	80
Apparel and Accessories....	37	29	408	188
Furniture, Furnishings.....	21	6	929	26
Lumber, Bldg. Mats., Hdwr.	14	14	148	105
Automotive Group.........	46	31	1,638	553
Eating, Drinking Places....	57	88	904	834
Drug Stores	11	12	49	134
Miscellaneous	31	40	433	733
Construction	121	90	4,074	3,452
General Bldg. Contractors..	41	19	2,300	2,105
Building Sub-contractors...	73	65	1,172	949
Other Contractors.........	7	6	602	398
Commercial Service.......	108	82	8,568	4,876
Highway Transportation...	35	22	6,753	3,633
Misc. Public Services.......	..	11	...	175
Hotels	3	2	743	486
Cleaning, Dyeing, Repairs..	11	4	40	56
Laundries	7	2	277	23
Undertakers	2	3	8	26
Other Personal Services.....	15	9	207	27
Business, Repair Service....	35	29	540	450

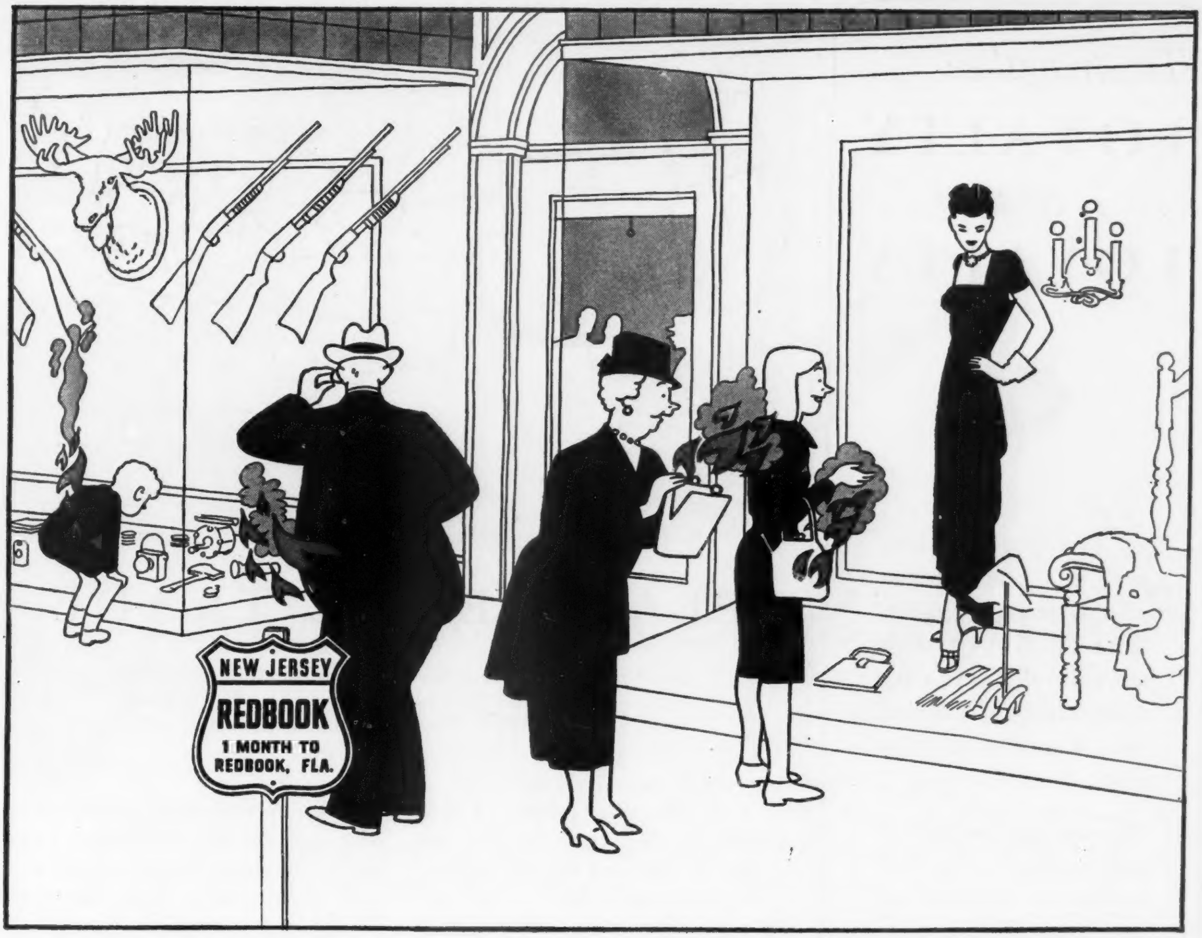
try and trade, failures continued to be most numerous in the machinery industry. Fifteen manufacturers failed in this industry, twice as many as in any other line and twice as many as in the same line in November of 1945. The next largest number of failures was in eating and drinking places where nine establishments failed, the highest mortality in this trade in any month in the past year and a half. As many as five but less than nine concerns failed in six other divisions of industry and trade—transportation equipment manufacturing; food, apparel, and automotive retailing; building subcontracting; and passenger and freight transportation services.

Industrial Debts Rise

Two-thirds of the total liabilities in November were concentrated in manufacturing with losses totalling more than a million dollars in three industries—food, machinery, and transportation equipment. Commercial service also had aggregate liabilities above a million dollars, most of which were involved in the failures of passenger and freight transportation companies. While the liabilities incurred in wholesale and retail failures ranged between two and three times as heavy as the previous November's total, the liabilities of manufacturing and commercial service failures mounted more than ten times as high as last year. In construction alone liabilities were smaller in November this year than last.

Concerns failing in the twenty-five largest cities were not as numerous as in the balance of the country and comprised about two-fifths of the total in November. The big city failures were up only 18 per cent from the 1945 level; those in the non-metropolitan areas rose to two times the number reported last year.

New York and Los Angeles had eleven failures each. No other metropolis had more than four concerns failing; fourteen did not report any failures. In Seattle and Los Angeles liabilities topped one million dollars. Sixty-one failures occurred in the Middle Atlantic and Pacific States. Although the East and North Central States accounted for less than a fifth of the number of concerns failing, they accounted for almost half the liabilities.



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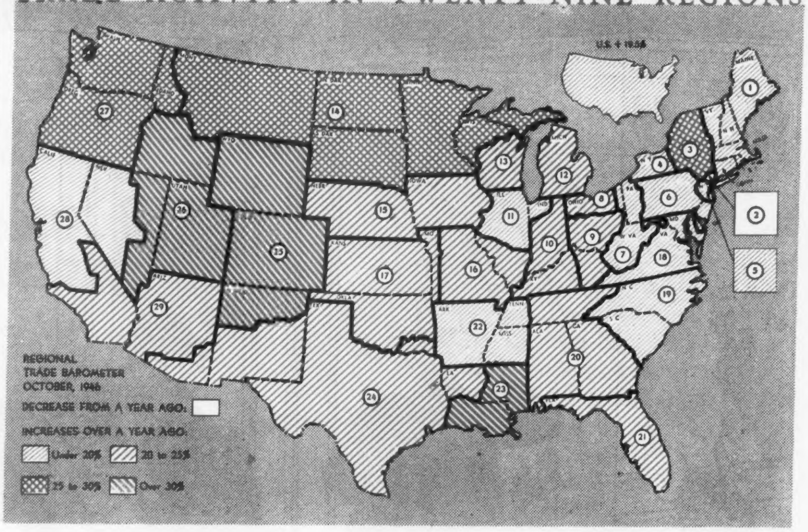
TRADE ACTIVITY IN TWENTY-NINE REGIONS



PEAK RETAIL TRADE

The United States Trade Barometer (seasonally adjusted) rose to 264.6 in November from 249.5 in September. Regional trade activity is reported by the local DUN & BRADSTREET *offices.*

THE dollar volume of retail store sales reached a new record peak in October as consumer buying remained high; prices rose both before and after the removal of many OPA ceilings. Total retail sales at \$8.8 billion were nearly 24 per cent higher than the \$7.1 billion for October 1945 and more than 7 per cent above the \$8.2 billion figure for September 1946 (U. S. Department of Commerce). They exceed the previous all-time high of \$8.6 billion for August 1946 by more than 2 per cent. These gains are not accounted for solely by a larger volume of goods sold but also by increased prices, as they are not adjusted for changes in the price level. Fragmentary data indicate that total retail sales in November were a little above those of October and about 25 per cent above those of a year ago.

Purchases of commodities by consumers in October were above those of October 1945 but did not make the unusually large gains of the past few months. The DUN'S REVIEW Trade Barometer for the United States which indicates the level of consumer purchases was 249.5 (1935-1939 = 100, adjusted for seasonal variation) in October, less than 20 per cent above the 208.7 for October 1945. This is the lowest point to which the barometer has fallen since May 1946 and the increase over a year ago is the smallest year-to-year gain since March 1946. After adjustment for the usual seasonal changes and for the number of business days in the month, the index was very slightly below the 250.6 for September and 5 per cent under the all-time high of 262.7 for August 1946. The preliminary index for November is 264.6, which is 18 per cent above that for November 1945 and 6 per cent above the October 1946 index.

For the first time since February of this year one of the 29 regional barometers dropped below the level of a year ago. All of the indexes except that for the New York City Region (2) were above those for October 1945. The drop of 6 per cent which occurred in that region was brought about by the curtailment of retail trade resulting from the trucking and shipping strikes in September and October. The best gains over November 1945 were in the New Orleans Region (23), the Salt Lake City Region (26), and the Denver Region (25). The highest gains over September were in the Detroit Region (12), the Denver Region (25), and the New Orleans Region (23).

(Regional reports begin on page 38)

TRADE ACTIVITY IN TWENTY-NINE REGIONS

(Continued)

Regional Trade Barometers

Region	Oct. 1946	% Change from Oct. 1945	% Change from Sept. 1946
United States	249.5	+20	0
1. New England	200.4	+17	− 3
2. New York City	276.0	− 6	− 8
3. Albany, Utica, Syracuse	249.9	+28	+ 6
4. Buffalo, Rochester	230.9	+16	− 5
5. Northern New Jersey	170.3	+ 2	−10
6. Philadelphia	224.6	+18	0
7. Pittsburgh	215.3	+16	+ 2
8. Cleveland	253.4	+23	+ 5
9. Cincinnati, Columbus	256.5	+23	+ 1
10. Indianapolis, Louisville	275.6	+21	0
11. Chicago	229.3	+20	− 1
12. Detroit	256.1	+21	+13
13. Milwaukee	260.6	+25	− 1
14. Minneapolis, St. Paul	246.5	+28	+ 1
15. Iowa, Nebraska	259.0	+21	+ 6
16. St. Louis	243.4	+21	+ 1
17. Kansas City	259.0	+20	+ 4
18. Maryland, Virginia	239.0	+10	− 8
19. North, South Carolina	277.6	+19	− 5
20. Atlanta, Birmingham	336.0	+23	0
21. Florida	323.7	+25	−16
22. Memphis	266.9	+14	− 9
23. New Orleans	310.0	+34	+ 7
24. Texas	315.0	+21	− 5
25. Denver	267.6	+30	+ 8
26. Salt Lake City	289.5	+30	+ 2
27. Portland, Seattle	292.7	+25	+ 2
28. San Francisco	273.1	+19	+ 3
29. Los Angeles	292.4	+24	+ 2

The Regional Trade Barometers are seasonally adjusted; 1935-1939 = 100.

Regional trade information is based upon opinions and comments of business men gathered and weighed by the local Dun & Bradstreet offices. Payroll and employment data are from Government sources. Most of the information summarized here represents final figures for October.

Department store sales are from the Federal Reserve Board and are for the four weeks ended November 30, 1946.

More complete barometer figures and more detailed regional information is published in Dun's Statistical Review.

Highlights of Trade Activity

1. New England Region

Barometer gain over a year ago below U. S. average, decline from September larger than U. S. decline. Wholesale trade considerably above a year ago. Manufacturing employment 14% above a year ago in the region, up 11% in Massachusetts, 22% in Connecticut, 18% in Rhode Island; payrolls well above a year ago in all States. Removal of price controls did not immediately stimulate production of shoes and leather; shoe buyers made few long term commitments in November due to price uncertainties.

2. New York City Region

Barometer had only decline from a year ago of 29 regions, large drop from September; was 30% under U. S. barometer. Wholesale volume considerably higher than a year ago. Employment expansion and trade in New York City curtailed by trucking and shipping strikes. New York hotel sales 8% above a year ago, same as for the U. S. as a whole; newspaper advertising linage 22% above a year ago. Production and employment in many industries curtailed by lack of raw materials due to strikes. Retail and wholesale activity high as holiday season approached.

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3. Albany, Utica, and Syracuse Region.
Barometer gains over October 1945 and September 1946 excellent; was about even with U. S. barometer. Wholesale trade well above October 1945. Employment and payrolls up 10 and 19% from October 1945 in the Albany–Schenectady–Troy area, 24 and 39% in the Syracuse area, 21 and 39% in the Utica area. Activity increased in leather and leather products industries.

4. Buffalo and Rochester Region
Barometer gain over October 1945 below U. S. gain, drop from September larger than U. S. average. Wholesale volume well above that of October 1945. Employment and payroll increases from October 1945: Buffalo 17 and 22%, Rochester 21 and 29%, Elmira 37 and 53%. Buffalo furniture manufacturers increased output in November despite materials shortages.

5. Northern New Jersey Region
Barometer had slight increase over a year ago, fell precipitously from September; was 32% below U. S. barometer, lowest of 29 indexes. Wholesale trade slightly above a year ago. Trucking and shipping strikes affected trade in the area. Newark employment up from September.

6. Philadelphia Region
Barometer gain over a year ago below U. S. gain, slight drop from September; remained 10% below U. S. barometer. Wholesale volume considerably above a year ago. Employment and payroll gains over a year ago: Philadelphia area 11 and 22%, Allentown–Bethlehem area 3 and 16%; little change from September in most cities. Anthracite coal production in November 9% above a year ago.

7. Pittsburgh Region
Barometer gain over October 1945 below U. S. gain, rose slightly over September; was 14% below U. S. barometer. Wholesale trade well above October 1945. Increases over October 1945 in employment and payrolls: Pittsburgh 4 and 9%, Erie 25 and 44%. Electric power strike in Pittsburgh crippled industry first half of October; production hampered by soft coal strike last half of November; steel production cut sharply.

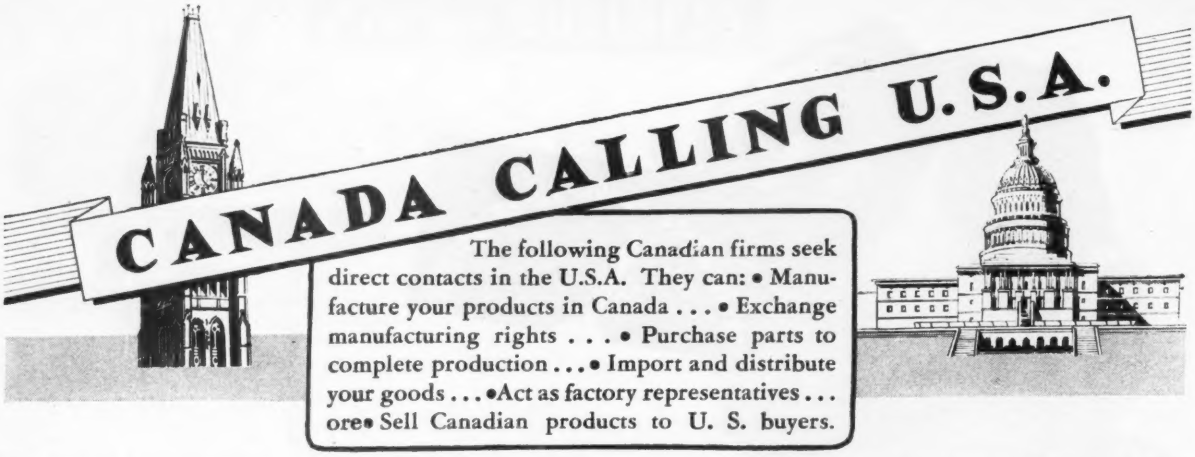
8. Cleveland Region
Barometer increase over a year ago well above U. S. gain, excellent rise in the month. Wholesale trade well above a year ago. Cleveland employment 8% above a year ago, slightly above September; unemployment declined sharply in the month. Soft coal strike affected steel mill output in November. Cleveland steel production averaged 95% of capacity.

9. Cincinnati and Columbus Region
Barometer gain over a year ago above U. S. gain, rose slightly in the month. Wholesale trade considerably above a year ago. Columbus employment 13% above a year ago, about even with September; general business about 2% above a year ago. Crop growth and harvesting in November benefited by continued mild weather.

10. Indianapolis and Louisville Region
Barometer increase over October 1945 larger than U. S. average; small gain over September. Wholesale volume considerably higher than a year ago. Indiana employment 1% above September, payrolls down 3%; coal mining employment made contraseasonal gain of 1% from September. Louisville employment continued upward trend. Industrial production at highest levels since V-J Day.

11. Chicago Region
Barometer changes from October 1945 and September 1946 larger than U. S. averages. Wholesale trade well above October 1945. Chicago area employment nominally above September, labor surplus dwindled considerably in the month; livestock market reached near peak level rush at month's end. November soft coal strike threatened production and employment in many lines.

(Continued on page 44)



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12. Detroit Region

Barometer gain over a year ago above U. S. average, largest gain over September of 29 regions. Wholesale volume well above a year ago. Detroit factory employment 28% above a year ago, fell from September's level; shortage of cold rolled steel slowed production in automobile assembly plants; automobile production increased slightly at the beginning of November, fell considerably the last week.

13. Milwaukee Region

Barometer changes from October 1945 and September 1946 larger than U. S. averages. Wholesale trade considerably above October 1945. Employment and payroll changes from October 1945: Milwaukee County up 13 and 25%, Madison down 10 and 13%, Green Bay up 4 and 17%.

14. Minneapolis and St. Paul Region

Barometer increase over a year ago well above U. S. average, rose slightly in the month. Wholesale trade considerably above a year ago. Minnesota manufacturing employment 7% above a year ago, down 2% from September; unemployment dropped in the month. Montana cattle run and slaughtering at unusually high levels as high prices persisted.

15. Iowa and Nebraska Region

Barometer gain over a year ago above U. S. gain, excellent increase in the month. Wholesale volume well above a year ago. Iowa employment 10% above a year ago, payrolls up 28%; both slightly above September. Rate of employment expansion in Lincoln declined in the month. Prices paid by Iowa farmers in November even with October, prices received down 9%.

16. St. Louis Region

Barometer increase over a year ago above U. S. gain, rose in the month; was 2% under U. S. barometer. Wholesale volume slightly above a year ago. St. Louis employment rose sharply over September with the recall of 3,700 meat-packing employees laid off during the meat shortage. In the early part of November business activity was at a record high; soft coal strike had an immediate effect on industry.

17. Kansas City Region

Barometer increase over October 1945 slightly above U. S. average, rose in the month, was 4% above U. S. barometer. Wholesale trade well above October 1945. Employment in most cities well above September, unemployment down noticeably. Oklahoma coal production about even with October 1945, up 28% from September; freight carloadings up 20% from September.

18. Maryland and Virginia Region

Barometer gain over a year ago well below U. S. average, fell sharply in the month. Wholesale trade well above a year ago. Overall employment increased over September in most cities, unemployment dropped sharply and the labor surplus dwindled. Factory output and employment lagged late in November due to the soft coal strike. Weather favorable for Autumn crops.

19. North and South Carolina Region

Barometer gain over October 1945 below U. S. gain, dropped sharply in the month. Wholesale volume slightly above October 1945. Employment increased moderately over September in most cities, except Charlotte where it fell nominally; unemployment dropped in the month. Industrial production continued at peak during most of November. Cotton picking mostly completed.

20. Atlanta and Birmingham Region

Barometer increase over a year ago well above U. S. gain, fell fractionally in the month. Wholesale volume considerably above a year ago. Although unemployment declined due to withdrawal of workers from the market, employment had only scattered small gains in the region. Soft coal strike late in November caused temporary layoff of 14,000 in Birmingham area; production in most industries fell 50%.

21. Florida Region

Barometer increase over a year ago well above U. S. gain, largest drop from September of 29 regions; was 30% above U. S. barometer, 53% last month. Wholesale trade well above a year ago. Labor surplus substantial in Miami and Pensacola, declined somewhat in Tampa. Employment in trade and service industries advanced with beginning of the tourist season. Citrus condition good.

22. Memphis Region

Barometer gain over October 1945 less than U. S. gain, dropped precipitously from September's level. Wholesale trade slightly above October 1945. Arkansas employment 2% above September, payrolls up more than 2%. Labor market conditions in Little Rock improved as employment rose in the month. November rains retarded harvesting of cotton, corn, and sorghums.

23. New Orleans Region

Barometer gain over a year ago largest of 29 regions, excellent rise over September; stood 24% above U. S. barometer. Wholesale trade slightly above a year ago. Employment in the New Orleans area depressed by the maritime strike which curtailed port activities for 28 days; all activities dependent on shipping affected. Sugar cane harvested and ground in November.

24. Texas Region

Barometer changes from October 1945 and September 1946 larger than U. S. averages; was 26% above U. S. barometer. Wholesale trade well above October 1945. Most cities in Texas except Galveston reported employment gains and unemployment declines in the month: New Mexico employment 10% above October 1945. November petroleum production about 2% above October.

25. Denver Region

Barometer gains over October 1945 and September 1946 excellent; stood 7% above U. S. barometer as against 1% below in September. Wholesale volume well above October 1945. Colorado employment 11% above October 1945, Wyoming up 5%. Denver severely affected by coal shortage due to soft coal strike. Livestock poor to good in Colorado, feeding necessary.

26. Salt Lake City Region

Barometer increase over a year ago second highest of 29 regions, small rise in the month. Salt Lake City wholesale trade 70% above a year ago. Idaho employment 10% above a year ago, 1% under September; slight gains in Salt Lake City employment in the month. Freight car shortage in Salt Lake City area critical. Sugar beet harvest mostly completed, some still in ground.

27. Portland and Seattle Region

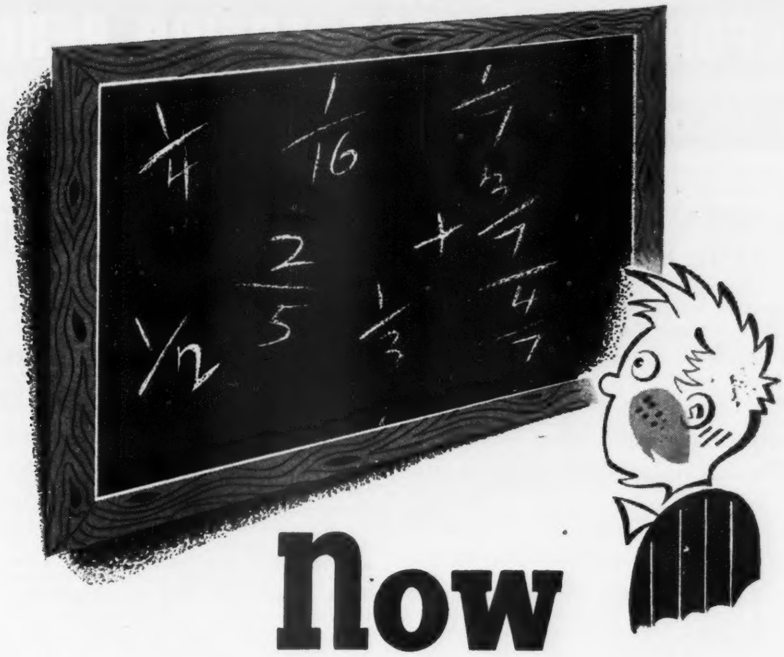
Barometer gain over a year ago well above U. S. average, small gain in the month. Wholesale trade well above a year ago. Washington manufacturing employment 3% under a year ago, up fractionally from September: best monthly gain in furniture. Lumber production highest since June, 50% above a year ago.

28. San Francisco Region

Barometer gain over a year ago below U. S. gain, small increase over September. Wholesale trade well above a year ago. Industrial employment in the San Francisco Bay area 5% below a year ago, payrolls up 4%; best showing since war's end. November soft coal strike affected some industries dependent on coal. Navel orange shipments began after delayed harvest due to weather.

29. Los Angeles Region

Barometer increase over October 1945 larger than U. S. gain, small gain in the month; was 17% above U. S. barometer. Wholesale volume well above October 1945. Los Angeles industrial area employment 5% above October 1945, payrolls up 16%; the first year-to-year gains since the end of the war.



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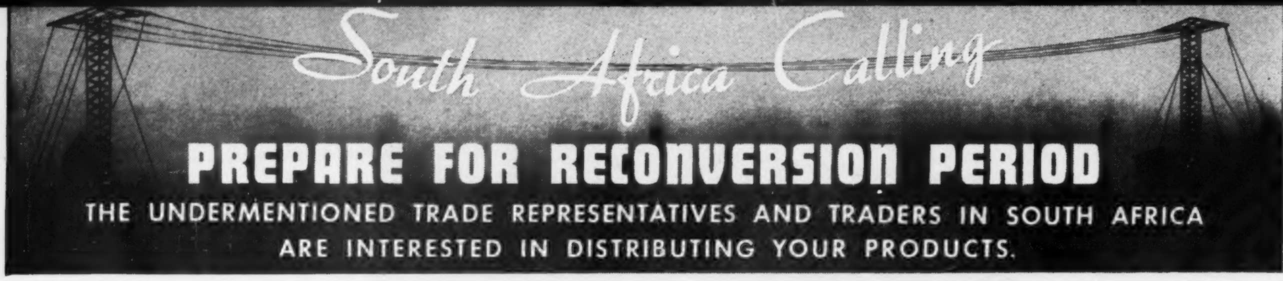

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INTERCOM AGENCIES PTY. LTD. (B 1587). Manufacturers' representatives, organized to attend to international commerce as import and export agents.

KAYE'S AGENCIES, 55 Hout St. Manufacturers' representative cotton piece goods all descriptions, towels. Other soft goods.

KEENE & CO. PTY. LTD. Head office: Box 2305, Cape Town. Branches: Johannesburg, Durban and Port Elizabeth. Agent at Lourenco Marques. Interested in all commodities suitable for the wholesale and retail distributive trade. Specialized departmental representation.

H. M. LEERS & CO. PROP. LTD. (B 2982). General merchants and importers.

M. LEWIS & CO. AND BRANCHES FURNISHERS CAPE TOWN. Soft furnishings; curtaining, carpets, linos, crockery, etc.

NATIONAL AGENCIES (SOUTH AFRICA) PTY. LTD., 88 Church St. Cape Town head office. Agent and wholesale distributors druggists sundries. Depot stocks carried all leading centers South Africa and Rhodesia. Cable: "Hyrub."

PRESTON AGENCY CO. PTY. LTD. (B 2247). Throughout South Africa. Foodstuffs, electrical accessories, textiles.

L. F. RAE & SON (B 442). Manufacturers' representatives foodstuffs, builders, household and electrical hardware, tools, plastics, chemicals.

GEO. RAYMOND & SON (B 2404). Ladies' showroom goods; men's hosiery; ladies' underwear, corsetry, infants' wear, haberdashery.

M. A. SEELIGSOHN (B 2892). Manufacturers' representative household commodities, hardware, textiles, etc.

SMIEDT & IPP (B 470). Textiles, foodstuffs, electrical. All types merchandise represented throughout Union and South West Africa.

SWINGLER BROTHERS PTY. LTD. (B 3771). Also Johannesburg. Engineering. Hardware. Automotive products. Builders' material.

UNITED AGENCIES (B 1568). South Africa's leading agents children wear, desire representation of children's dress manufacturers. Branches Johannesburg and Durban.

DURBAN, S. A.

M. BEIT & CO. (B 2190). Associated offices in Johannesburg, Cape Town, Port Elizabeth and Bloemfontein. Cosmetics, fancy goods, furnishings, textiles, hardware, leather goods, automotive spares and accessories, automotive equipment and electrical fittings.

MONTAGUE BLUNT & CO. (B 2503). Seek direct factory representation interior decorations, plastics, indoor transport and similar lines; wrappings, packages, packings, also interested timbers and offer for export copra, copra oils and other African products.

D. D. TAIT (B 2846). MANUFACTURERS REPRESENTATIVE. BRANCH OFFICE: CAPE TOWN. ASSOCIATED OFFICES: JOHANNESBURG, PORT ELIZABETH, EAST LONDON. DOMESTIC AND BUILDERS' HARDWARE, LAMPWARE, DOMESTIC ELECTRIC APPLIANCES, PROPRIETARY FOODSTUFFS, CANNED SEAFOODS, AND MEATS, ETC.

LARGESSE & CO. PTY. LTD. (B 2607). *Export* all grades of minerals, chrome ore, manganese ore, graphite, mica, etc.; wine and spirits. *Import* timber, heavy chemicals, fertilizers.

HAROLD J. DRINN PTY. LTD. (B 560). Mechanical and electrical supplies. Domestic and commercial electrical appliances. Power plants, switchgear, electric motors, cables, conduit and accessories.

E. WAYNMAN McKEOWN (B 1436). Food products, hardware, soft goods and general merchandise.

REGENT PHARMACY PTY. LTD., 399 West St. Cosmetics, toilet requisites, chemists' sundries, fancy goods, proprietary medicines.

A. A. SAVAGE, 576 West St. Electrical domestic appliances. Motors and wiring equipment and accessories, fluorescents.

JOHANNESBURG, S. A.

ARGOSY IMPORTS PTY. LTD. (B 2452). Branches throughout South Africa. Specializing in womens', children's clothes and underwear, fancy goods, novelties and piece goods.

ASSOCIATED PROPRIETARY AGENCIES, LTD. (B 4247). Indent and distributing agents for toilet preparations.

ATKINSON & BARKER (B 3152). Manufacturers' representatives covering Southern Africa and Rhodesias. Interested only in handling quality goods direct from factory on commission basis. Specializing machine tools, hardware, textiles of all descriptions and sports equipment.

AUTOMOBILE ELECTRIC SUPPLY LTD. (B 2964). Storage batteries, automobile and aircraft accessories and replacement parts.

BELL AGENCIES (B 113). Factory representatives seeking direct British, Canadian and American factory representation engineering equipment, tools, hardware, woodworking machinery, electrical appliances. Agents in all leading centers.

HERBERT E. BOWEN—FRIENDLY ADVERTISING PTY. LTD. (B 3102). Exclusive sales South and Central Africa. Advertising specialties.

C.F.S. TRADING PTY. LTD. (B 5216). Glassware—domestic and packaging, hardware and kitchenware, packaging, essences, fancy goods, buttons, toys, kitchen articles, food products.

C. F. SHAW LTD. (B 4372). Factory reps., import, export agents, leading British, American, Canadian manufacturers. Branches or reps. in every British or French territory in Africa, India, Palestine, Middle East.

CHARTER ENGINEERING CORPORATION PTY. LTD., 514 Southern Life Building. Diesel and diesel electric power plants and equipment. Diamond drilling equipment. Mine and mill ore recovery equipment, connections with mining houses throughout Southern Africa.

BARRY COLNE & CO. LTD. (B 4130). Machinery and engineering supplies. Foundry equipment and supplies. Woodworking machinery and accessories. Mill supplies.

COMMERCIAL & MINING UTILITY PTY. LTD. (B 2452). Building materials and mining materials. Completely covering Southern Africa.

COMMODITY AGENCIES (B 1711). Produce, industrial raw materials, timber.

B. P. DAVIS LTD. (B 3371). Representing Bauer & Black, Chesebrough Manufacturing Co., American Chicle Co., etc. Members Johannesburg C. of C., A.M.R.A.

M.T.S. DESSELSS (B 7518). With full coverage throughout South Africa, exclusive distributors of radio, electrical appliances, kitchen utensils, require various lines electrical appliances. References: Tung-Sol Lamp Works; Solar Mfg. Corp.; Ohio Carbon Co.; Republic Stamping & Enamelling Co. Field representative for Federal Motor Truck Co.; Continental Motors Corp.; Moog Industries Corp. Require automotive replacement part lines, workshop equipment and tools. Fair share available S. African business promised, also a personal visit each year.

DOMESTIC & FOREIGN TRADE PTY. LTD., 102 Mooi St. Foodstuffs, groceries and delicacies.

DRUGS & TOILETS PTY. LTD. (B 2801). Distributors of patent and proprietary medicines, druggists' sundries, beauty products. Branches at Cape Town, Durban, Port Elizabeth, East London, Salisbury and Bulawayo. All merchandise paid spot cash New York.

FILLERYS PTY. LTD. (B 6560). Sales agents. 16 branches covering South Africa, South West Africa, Rhodesias, Belgian Congo, Madagascar, French Equatorial Africa, Portuguese East Africa. London 15-17 Elden St., E. C. 2.

GILMAN & CO. (AFRICA) PTY. LTD. (B 4077). Branches: Durban, Cape Town. Organization covers whole of the Union and Rhodesias. Established 1902. Manufacturers' agents and distributors representing many important overseas firms. Open to consider further agencies, particularly proprietary lines.

GERALD S. GUNDLE (B 5173). ASSOCIATE OFFICES IN ALL COAST TOWNS AND MAIN INLAND CENTERS UNION OF SOUTH AFRICA AND RHODESIA. Specialist sales organization equipped to handle furniture, rugs, carpets, lino, soft furnishings, furniture novelties, general utility householdware, hardware and tools and all requirements for building and plumbing trades. Apply Barclays Bank, New York, concerning ability create, maintain, foster sales and uphold factories' prestige.

CONTINUED IN FIRST COLUMN ON NEXT PAGE→

HARRIS & JONES PTY. LTD. (B 3297). Transvaal agents: L. C. Smith and Corona typewriters. Interested in agencies for office machines, equipment and supplies.

S. HARTOGS PTY. LTD. (Grocery Division of Verrinder Ltd.) (B 4883). Also Cape Town, Durban, Port Elizabeth, East London, Bloemfontein, Kimberley, Bulawayo, Salisbury and N'dola. Proprietary grocery and confectionery goods and domestic hardware.

HILL & MURRAY PTY. LTD. (B 3070). Proprietary medicines, toilets and cosmetics, grocery and household requisites. Ethical and professional products.

P. W. JENNINGS (PTY.) LTD. (B 3543). Also at Cape Town (B 198). Equipped to represent you throughout South Africa as excusive manufacturer's representative on commission basis. Household equipment novelties. Electrical appliances. Kitchen specialties. Building specialties.

B. OWEN JONES LTD. (B 2933). Chemicals: heavy industrial, pharmaceutical, laboratory reagents; general laboratory supplies; optical, scientific, control, medical and surgical instruments; steel works and foundry supplies.

LAMSON INTERNATIONAL CORP. (AFRICA) PTY. LTD. (B 8835). Textiles all descriptions, cutlery, crockery and hardware, household appliances, radios, etc. Branches: 452 Fifth Ave., New York, and Cape Town, Durban, Port Elizabeth, Bulawayo.

LENNON LIMITED (B 8389). Wholesale manufacturing and retail chemists and druggists. (Est. 1850.) Branches throughout S. Africa and Rhodesia.

LIBERTY AGENCIES PTY. LTD. (B 6019). Also at Cape Town, Durban, Bulawayo. Manufacturers' representatives and distributors for Southern Africa. Handling all types fashion goods and sports wear, textiles, toys, glassware, fancy goods and all general merchandise under specialized departments.

MENTZ, KENNETH R. (B 6389). Manufacturers' representative. Cotton and rayon textiles, food products, distillers' equipment, sporting goods, confectionery, soft furnishings, women's swim suits, industrial raw materials. Reference: Wilson Bros., 538 So. Wells St., Chicago.

NEWTON'S AGENCIES PTY. LTD. (B 4616). Clothing, all kinds; textiles, headwear, domestic glassware, enamelware, handbags, fancy goods, cosmetics, food products, industrial chemicals, paper products.

H. POLLIACK & CO. LTD. INCORPORATING MACKAY BROS. LTD., MACKAY BROS. & McMAHON LTD. Cape Town, Durban, Port Elizabeth, Pretoria; musical, electrical goods.

PROTEA DISTRIBUTORS PTY. LTD. (B 7793). Surgical, medical, hospital, pharmaceuticals, cosmetics, photographic supplies and equipment.

RAYMONT-BROWN PTY. LTD. (B 7524). Manufacturers' representatives. Textiles, cotton piece goods, woolen, rayon and silk piece goods and men's wearing apparel.

SILVERS MOTOR SUPPLIES PTY. LTD. (B 5988). Automobile parts, accessories, garage equipment, tools and machine tools. Associate companies: General Spares & Accessories Pty. Ltd., Pretoria, Tvl. & O.F.S. Wholesale Motor Supplies Pty. Ltd., Bloemfontein, O.F.S.

SIDNEY SIPSER & CO. (B 6011), Ottawa House, President St. Also Cape Town (B 2391). Cable: "Gownsipser." Indent agents, distributors ladies' frocks, coats, sports and underwear, showroom goods, etc.

FRED C. SMOLLAN PTY. LTD. (B 3769). Raw materials, timber, building materials, hardware, window glass, upper leathers, upholstery leathers, chocolates, canned fish and food products.

SOUTH AFRICAN DRUGGISTS LTD. (B 5933). Wholesale chemists, manufacturing druggists, opticians, photographic dealers; fine, industrial, pharmaceutical chemicals.

TAYLOR & HORNE, 176 Jeppe St. Branches at Cape Town, Port Elizabeth, East London, Durban, Bloemfontein, Pretoria, Bulawayo and Salisbury. Dental sundries, toilet requisites, etc.

H. E. TEIFEL & CO. (B 9487). Industrial raw materials, paper and cardboard, cotton yarns, textiles, light and heavy chemicals, canned goods, manufactured products, steel and tinplate.

JOHN G. TRAIN & CO., 149 Commissioner St. Also Cape Town, Durban. Cotton and rayon textiles, yarns, hosiery, knitwear, fancy goods, foodstuffs, toys.

WESTDENE PRODUCTS PTY. LTD. (B 7710). Branches: Cape Town, Durban, Bloemfontein, Port Elizabeth, Salisbury. 23 Essanby House, Jeppe St. Nationally advertised patent medicines, toilet and fancy goods.

WINMORE DISTRIBUTORS PTY. LTD. (B 8994). Specializing distribution for domestic and overseas manufacturers require exclusive representation on stock basis, novelties, bazaar goods, fancy goods and domestic hardware.

PORT ELIZABETH, S. A.

GILCHRIST'S ELECTRICAL STORES PTY. LTD., Main St. Electrical and radio equipment.

E. J. NARRAMORE, 100 Main St. Builders and domestic hardware, tools, ironmongery, sporting goods and all gardening requisites.

S. HALLIS & CO. PTY. LTD. (B 143). Est. 1890. Seeking agencies for picture frames, pottery, handbags, etc. Fancy goods all description. Efficient representation throughout S. A. assured.

JAYDEE DISTRIBUTORS PTY. LTD. (B 108). Crockery, glassware for general wholesale and retail selective and exclusive trade; general and household hardware and motor accessories; silk and nylon stockings.

A. J. PUDNEY & CO., Grace St. Household aluminum, enamel and glassware, toys, general hardware, flower and vegetable seeds, small farming and gardening implements.

WARD & JOHNSON PTY. LTD. (B 1080). All domestic electrical appliances, radio, refrigerators and musical supplies.

RHODESIA, S. A.

AFRICAN COMMERCIAL CO. LTD. (B 1108), **SALISBURY, NYASALAND.** Proprietary medicines, toilet and beauty preparations, groceries, confectionery, stationery, office equipment, textiles, men's, women's, children's clothing and footwear and fancy goods.

H. GALANTE (B 380), **SALISBURY.** Inquiries invited. Textiles, enamelware, hardware, groceries, timber, household goods, men's and ladies' wearing apparel, leather goods, branches Rhodesia, Belgian Congo, Portuguese East Africa, Tanganyika.

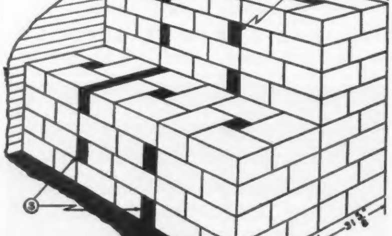
HERE *and* THERE

Insulation—The 7,000 man-years necessary to mine more than 10,000,000 tons of coal could be saved annually if the hot surfaces of pipes, boilers, flanges, and fittings were insulated to inhibit avoidable heat loss, reports Robert E. Outman, United States Mineral Wool Company, and Board Chairman, Industrial Mineral Wool Institute.

His estimate is exclusive of the labor expended to refine more than 15,000,000 barrels of oil which he says are similarly wasted and the processing and transporting of nearly 13,500,000 tons of fuel, representing an estimated 3 per cent loss by radiation of the fuels burned for industrial purposes.

Car Loading—Tested through heavy wartime shipments are two new methods of stacking fiberboard containers in freight cars which give considerably greater promise of the contents arriving safely at their destination than the pre-war methods of loading, officials of the Union Pacific Railroad point out. One is the bonded block method of shipment and the other is the glued load.

Before the war only one loading method was used for fiberboard boxes—stacking the boxes in rows as tightly as possible to prevent shifting. Under the bonded block method, boxes are stowed in a series of blocks, the boxes



These 18⅞ by 12¾ by 7 5/16 inch cartons are stacked by the bonded-block method with crosswise slack indicated by "S."

bonded together both lengthwise and crosswise of the car similarly to the way in which bricks are bonded together in the construction of a wall.

In the glued load, the cartons are held in place by a special type of adhesive with a high sheer strength but a low tensile strength. The high sheer power prevents the dislodging of the containers by lateral force while the low tensile strength permits easy separation, when desired, by a sharp upward pull or thrust.

To apply the glue a small glue pan with two rollers is used near the car end of the conveyor. The glue rollers paint two narrow strips of glue on each box.

Safe Driving—Tips on good driving habits for truck drivers, bus operators, and passenger car drivers are contained in the 72-page booklet, *Professional Driving*, (5¼ by 7⅜) issued by the Ethyl Corporation. Another effective contribution to safe driving is the special highway safety edition of *Watch*, published by the American Mutual Liability Insurance Company.

More than 100 of the nation's outstanding professional drivers were interviewed in compiling the material for the easily understood and amply illustrated Ethyl booklet.

The American Mutual publication tells the safe driving story photographically with a minimum of text. The portion entitled ". . . And Sudden Death" realistically presents the results of careless driving.

Cancer—A potential saving of 21 lives is reported since the world's first industrial cancer detection clinic was established two years ago at Avondale Mills, Sylacauga, Ala., manufacturers of cotton goods. The free clinic was established under the sponsorship of the Field Army of the American Cancer Society.

The mill workers, principally women, and members of their families voluntarily undergo the examinations. Since the clinic opened in July 1944, 568 women have been examined one to five times each (after registering every woman is examined once every six months) with the discovery of 18 cases of cancer which previously were un-

suspected and of which 15 probably were cured, reports Dr. French H. Craddock, Jr., Associate Medical Director of Avondale Mills.

In addition, six men, ineligible for the regular cancer clinic, were found to have curable cancer. All six said that they reported for examination because of the interest in cancer which had been aroused by the clinic.

Neither Avondale Mills nor the surgeons conducting the clinic are dealing in philanthropy, it is pointed out. For the mills, the value of workers saved and the increased productivity of those restored to better health by correction of defects found at the clinic far more than compensates for the cost involved. While the surgeons receive no direct compensation in the clinic, they are well repaid for their efforts. Of the women examined for the first time, 93.7 per cent had some surgical lesion for the correction of which the surgeon does charge.

This clinic will aid the medical world in obtaining its first accurate figures as to the percentage of a random population having curable, unsuspected cancer.

Thermoplastic—A thermoplastic which does not lose hardness or change shape after boiling, has strong resistance to acids and alkalis at high temperatures, and is non-inflammable is "Polydichlorostyrene," developed by the Mathieson Alkali Works, New York. Outstanding electrical properties also are claimed.

The injection molded plastic is expected to find immediate application in electrical equipment, industrial equipment where chemical and hot water resistance are important, and for parts of medical and surgical instruments which need frequent sterilization. Eventually the plastic will be molded into kitchenware and other consumer articles.

Fire—Lessons to be gained from a disastrous fire which destroyed a large mill are cited by the Associated Factory Mutual Fire Insurance Companies, Inspection Department.

Heading the list is the admonition that careful supervision of sprinkler valves is of the utmost importance in preventing the development of large fires. The valve controlling the area

where the mill fire started had been left closed after repairs to the sprinkler system.

The sprinkler valve controlling a fire area should be examined promptly if a fire is not controlled in the early minutes, and reopened if the valve is shut. In this instance the closed valve was in the first floor and the fire was in the third. There would have been ample time to have opened the valve, it is pointed out, and the sprinklers then would have held the fire.

A further lesson is that the watchman should be instructed to call in someone in authority after a fire apparently has been extinguished. The watchman was certain in this instance that he had extinguished a small fire but two hours later he found the room so full of smoke that he could not enter.

This fire provided the additional lesson that power lines for pumps should be located far enough from buildings so that a fire will not put the pumps out of service. Heat cracked an insulator of transformers in the yard and the fire pump had to shut down.

Construction Ratings—The National Bureau of Standards has tabulated fire-resistance and sound-insulation ratings of more than 500 floor, partition, and wall constructions, representing masonry, wood, and metal types. These are presented in their pamphlet *Technical Report on Building Materials TRBM44.*

Ratings on fire resistance are presented in 22 tables and on sound in 13 under the general headings of masonry walls; wood-stud, steel-stud, and solid plaster partitions; and wood-or-steel-joint, concrete, and steel plate floors. While the fire resistance ratings are based in general on tests made in the Bureau's Fire Resistance Section, some were conducted by Underwriters Laboratories and at Ohio State University. The Sound Insulation Tests were made in the Bureau's Sound Section.

Live Cargoes—To determine how high dogs, cats, canaries, fish, baby chicks, flowers, and fruits could be flown, experiments have been conducted by the Air Transport Association of America at the instigation of Western Air Lines.

Dogs in good health suffer no ill ef-

fects up to 25,000 feet while commercial airliners rarely fly over 17,000. Normal cats can easily stand 24,000 feet; rabbits, 27,000.

Wild geese have been seen flying as high as 29,000 feet; crows, storks, cranes, and finches, 20,000. In laboratory experiments hatching eggs have withstood altitudes of 80,000 feet, but the limit on chickens of any age is around 17,000 feet although no permanent harm will probably result if they are flown as high as 20,000 feet.

Live crabs and lobsters properly packaged in wet burlap may be flown at 17,000 feet but no higher. Live fish in water may be carried as high as 20,000 feet if the fish population per gallon is reduced to one-half the number suitable at sea level.

Experiments on cut flowers and fruits show that when they are carefully packaged they may be taken as high as 25,000 feet.

Homes of Metal—Structural metal plays a leading rôle in two new types of moderate cost homes. One, the Roselawn, produced by the Steelcraft Manufacturing Company, Cincinnati, has an all metal structural frame with stuccoed exterior finish and an aluminum roof covering. The other is a plastics-aluminum house developed by Lincoln Houses Corporation, New York, and consisting of a Bakelite resin-impregnated paper cellular core, faced with aluminum sheets.

The Roselawn home, whose approximate cost will be between $3,000 and $5,000, is 20 by 32 feet and comprises two bedrooms, a living-room, kitchen, bath, and utility room. It is completely insulated to give comfort during the entire year. The building is shipped to the job bundled and packaged. Floors, foundations, and utilities will be obtained from the local contractor so as to indulge personal taste in selection.

Any floor plan or design is possible in the Lincoln homes, but the model homes constructed to date consist of either five or nine rooms. The five has a living-room and two bedrooms, each connected with a bathroom. A sizable kitchen is provided. The nine-room house has a living-room, dining-room, three bedrooms, den, kitchen, and two bathrooms.

Because of the lightweight construc-

tion the five-room house has a total weight of only one ton as compared with 40 tons of material used in a conventional five-room house.

Not a temporary structure, the houses have concrete block foundations which rest on a moistureproof and heat-retaining vaporproof material. They contain no cellar, radiant heating being supplied by piping laid between the concrete floor and the dirt covered vaporproof material below. This removes the possibility of dampness forming in or under the floor. Heating is from an oil-burning unit.

CONSTRUCTION

(Continued from page 19)

there is no justification for assuming any sharp decline in cost of construction that will in any respect resemble the drop to the low point of 1922.

We are able to gage the extent of the cost decline of the next two or three years by analyzing the factors of excess cost in our present situation.

Our analysis weighs in terms of total project cost the improvements that may reasonably be expected without any change in wage rates.

The productivity of labor both in manufacturing and in on-site construction has been relatively small, especially during the latter years of the war and in the post-war period.

A survey made by *Engineering News-Record* indicates that labor efficiency in construction averages somewhere in the general range of 65 to 68 per cent of that obtainable in 1939. Our own experience bears out this conclusion. A similar situation in industry is commonly known.

The cost reduction assumed is due to improvements in the efficiency of manufacturing and construction labor, concurrent with improvement in the material supply situation to the point where the supply becomes entirely adequate.

In such an analysis of a typical industrial construction project as is shown below, it will be observed that a saving in the cost of site labor of from approximately one-fourth to one-third can be

accomplished. The reduction in the cost of this item will come from several sources, the most important of which will be reflected in the savings in the application of labor when materials can be delivered to the site at the times required to fit into the construction program.

Elements of the Cost	Proportionate Part	Possible Reduction in Per Cent of Total Cost
Site Labor	35%	5% to 10%
Building Materials .	10%	1%
Fabricated Items . .	20%	1% to 2%
Mechanical Items .	19%	1% to 2%
Field Plant & Supervision	6%	1%
Engineering & Contractors' Overhead and Profit . . .	10%	. . .
	100%	9% to 16%

Another saving in site labor will come in the elimination of premium time payments. Although the application of overtime is not needed, in most cases, for the completion of the work, it must nevertheless be applied at the present time in order to man the project. Premium time at present amounts to approximately one-tenth of the cost of site labor.

The full realization of possible cost reductions as here indicated must necessarily require two or three years because one of the factors which causes low efficiency of construction labor is the shortage of both skilled and common labor.

The other leading factor which has caused unusually high labor costs has been the sporadic delivery of materials and fabricated items to the site. This condition is expected to improve progressively assuming that in the next few months we shall have less damaging interruptions to production than

"Now it's our turn to be the unions."

were the rule during the last year. And, because of the continually increasing volume of these products, the element of site labor productivity is inevitably bound to improve.

The skilled labor shortage in construction will require time to correct. It was accumulating during the lean depression years when there was relatively little demand for new building and could not be corrected during the war years when young men were required for the armed services. The result is that skilled tradesmen now average over 50 years of age, with an inevitable decrease in the volume of work produced per man.

Employment Figures

The low point of construction employment was reached in January 1945 when the total of construction labor was 671,000 persons. Since that time labor requirements have mounted steadily to the point where two million construction employees are now engaged, and the total required for the coming year may very likely exceed the peak employment of 2,879,000 of the war construction year 1941.

The industry is taking every possible measure to speed up the training of apprentices for these trades and, although the total apprenticeship period has not been reduced, such factors as study courses consisting of intensive training in the use of basic tools, have permitted many of these men to handle the less exacting portions of the work. It is also felt that the greater part of the reservoir of men trained in certain skills by the Seabees and the Army Engineer Corps has not yet been tapped.

However, because of a man-power shortage the approach to the on-site labor efficiency of 1939 will have to be gradual. (See chart on page 19.)

For the purpose of simplicity a curve showing changes in actual construction cost is plotted on the basis of a cost of $3 per square foot required to build a typical manufacturing plant in 1939. The cost to reproduce the same plant each year is shown by the curve to the present (December 1946) cost for the same building of $5.20 per square foot. Plotted below this curve is a theoretical building cost index, also based on a cost of $3 per square foot in 1939.

The variations year by year are made in accordance with the cost index (used in the chart on page 17) which is a composite of three standard indexes.

The actual cost has therefore increased more rapidly than the weighted index costs, the difference being indicated by the shaded area between the two curves.

As materials become progressively more plentiful and as improvements take place in labor productivity the difference between the theoretical and actual industrial building costs will become less and less. The possible reduction in actual cost as previously analyzed is thus vertified by this second method of approach.

A precise plotting of the future movement of such a cost trend is impossible. In extending the cost curve as a broken line we are merely indicating our opinion of the general path that our study leads us to believe will be followed.

It is our opinion that the latter half of 1947 will witness a definite although gradual decrease in industrial construction costs which will continue through 1948, resulting in a total reduction of the order of 10 to 15 per cent below present costs.

STEEL CARTELS

(Continued from page 23)

subjecting the domestic supply of foreign exchange to political control. To reduce the adverse effects of exchange control on German exports, barter agreements were made with various foreign countries and foreign enterprises. The domestic cartels representing the leading German export industries were required to carry out the rôles assigned to them in these transactions. The Stahlwerke Verband was extensively engaged in operations of this type throughout 1934 and 1935.

As a result, the steel exports of the German national group persistently exceeded the quotas set by the cartel. As the Dusseldorf correspondent of the London *Iron and Coal Trades Review* reported:

"Germany's success in expanding

her iron and steel export trade has caused some difficulty, as she has exceeded her quotas in the international comptoirs. . . . The other members of the . . . Steel Cartel are not unnaturally apprehensive regarding the use made by Germany of the primitive method of barter, which has been increasingly pursued during the past twelve months."*

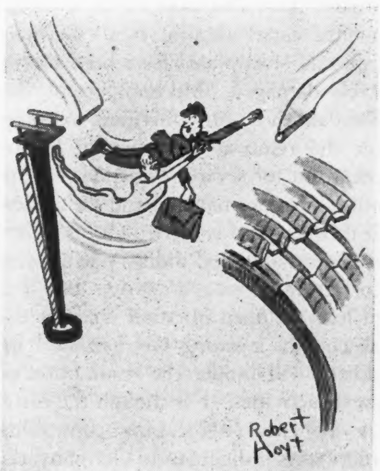
The German national group apparently was more concerned with implementing the Nazi rearmament program than with stabilizing the international markets for steel. Barter transactions economized the use of Germany's limited stock of foreign exchange and facilitated the stockpiling program essential to the German economy in wartime.

Insisted on Compensation

3. Later when the Nazi rearmament program attained its full stride, it consumed so much of the German steel output that the Stahlwerke Verband was not in a position to authorize exports by its members even up to the quota limit. The German group insisted, however, that other national groups in the cartel, which had not exported more than their allotted tonnage, should compensate them at the rate stipulated in the cartel agreement for underselling quotas.

In 1938 and 1939 other national groups, including the American, paid substantial bonuses to the German group. Although this may have

* Volume CXXX, January 11, 1935, page 90.



"....Now another fine thing about this policy, Mr. Scapello ...."

followed the letter of the cartel contract, it was not in accordance with its spirit. The purpose of the bonuses was to reimburse members who supported the international steel market by restricting exports or those who, because of slack demand, could not sell their tonnage allotment without reducing prices. By insisting on a bonus to compensate them for supplying steel to the domestic rearmament program in preference to selling abroad, the German steel companies were in effect demanding that the foreign producers, and indirectly the foreign consumers, of steel subsidize the German rearmament program. This they did.

Cartel Idea Survives

Although the steel cartel's formal operations ended in September 1939, the cartel ties were not at once severed. When the British blockade prevented the German steelmakers from supplying their South American customers, they looked to the North American market for supplies to enable their South American subsidiaries to fill current orders. For many months German agencies in South America obtained a substantial tonnage from North American sources and were thus able to maintain trade connections and good-will. An incidental advantage of these arrangements to the German producers was to give them a certain amount of additional foreign exchange, representing the profit, or commission, on the American steel sold through the Germans' South American agencies.

This arrangement was eventually broken up. The steel cartel is dead; but the cartel idea survives. German iron and steel plants have been extensively damaged. More important, the Potsdam program provides not only for the removal of industrial equipment but for severe restrictions on the output of Germany's basic industries. If this program is carried out, the German iron and steel industry will count for little in world trade. But it is at least an open question whether the absence of a strong German steel industry will hinder the resumption of cartel activities. For though the cartel as an institution for controlling markets is indigenous to Germany, the will to control them has become increasingly universal.

FOREIGN POLICY

(Continued from page 15)

to foreign economic policy places emphasis on achieving some stability in the foreign exchange field through the International Monetary Fund, and the reduction of trade barriers, both governmental and private, through the proposed International Trade Organization. This position is a reflection of the broad outlines of our domestic economy. Of course, the reflection is not perfect or even pertinent in every case. And we must take into account some adjustments made necessary by the positions of other governments, many of which have different domestic problems and policies from ours. Nevertheless, the broad outlines of our domestic ecomomy permit us, perhaps I should say, compel us, to urge the same broad outlines for an expanding world economy.

I have been concerned up to this point primarily about the manner in which domestic policy is reflected in foreign policy. But foreign policy also casts its shadow over domestic policy. A specific foreign policy may require support or implementation in the domestic area. Frequently, we have to do something within our own boundaries to make the foreign policy effective. Sometimes it may seem that carrying on foreign relations is nothing but the interchange of vast amounts of words. In fact, it consists in reality of a great many actions, most of these actions must take place within the domestic framework of the countries which are involved.

For example, during the last crop year we took upon ourselves the great task of exporting from American supplies slightly more than 10¼ million long tons of wheat, including flour, to the various countries where the food shortage was so severe. This is an unparalleled amount. We had more than enough wheat to meet the needs of American consumers, but the shortages in other countries were so severe that we could not with any conscience disregard the threat of starvation in so many areas. In order to make certain that the promise was kept, a whole series of actions had to be taken by the Government, and we had gray flour, and less of it than otherwise,

as the result. Without such action on the domestic front our foreign policy of giving aid and assistance to the stricken areas of the world, during this difficult post-war period, would have been largely nullified.

Beyond the area of relief lies that of reconstruction. We spent heavily of our energy and resources in the war, but we did escape the devastation and destruction to which nearly every country in Europe, and wide areas in the Pacific region, were subjected. Our economic system is in condition to operate at levels far above those ever reached before. Few other countries are so fortunate. Both our heads and our hearts urge us to help the rest of the world to get back on its feet. We have both a selfish and a human interest in world recovery. But that means more than advice and exhortation. To the other countries assistance means seeds and plows, structural steel and tractors, freight cars and turbine generators, and they have no immediate means of payment for these items.

Effect on Our Budget

This policy of providing assistance has many implications for our domestic policy. One obvious effect is on the national budget. The total expenditure made or promised in connection with our foreign economic policy since the end of the war has been in the neighborhood of $20 billions. And the budget has a substantial bearing on the level of taxes or of government borrowing, both of which are usually regarded as coming under the head of domestic policy.

Reconstruction and relief are not merely problems of finance. We have also had to have an elaborate program of set-asides when goods in short supply have been needed both at home and abroad. We could use all these goods ourselves, but we cannot disregard the foreign need also. So, after very careful study, the Government has required manufacturers to set aside amounts of certain commodities to be sold abroad —for example, tinplate for making tin cans, and cotton cloth for clothing in the Far East. Again we see our foreign policy requiring domestic action.

I hardly need to elaborate on the implications for domestic policy of the

American Program for the Expansion of World Trade and Employment. We are urging other nations to join with us in an effort to expand world trade—an international and concerted drive on barriers to trade, both through reductions by governments of restrictions like tariffs and quota systems, and the elimination of private restrictions like those established by cartels and other forms of private international monopoly. Here again our foreign policy of opening up and expanding markets can be successful only if we implement it by appropriate domestic action. We cannot expect other countries to lower their trade barriers unless we do likewise. It is to do our part in this great international undertaking that the United States Government has recently announced reciprocal trade agreement negotiations with eighteen different countries to take place next Spring.

Economic Stability

There is one additional area in which the effectiveness of our foreign policy is related to the success of our domestic policy. Our foreign economic relations will depend in large part upon the extent to which we achieve stability in our economic system. Other countries have not forgotten the short depression of 1921 and the longer one during the thirties.

Going back through our history, they see nothing but instability, the business cycle continually varying from prosperity to depression and back to prosperity again—severe reactions like those of 1873, 1893, and 1907, and the many lesser recession points like 1910 and 1925. They know that these past depressions were worldwide among the trading nations. Their great fear is that the United States will drag them down with it into a severe depression, and that their much weaker economic and political structures will not be able to stand the strain.

In the past, we have been accustomed to think of national defense and security as being the prime reason for the development of nationalism, and the drive for national economic self-sufficiency to have been chiefly a part of the attempt to attain so-called preparedness. I suspect that unless the United States succeeds in achieving substantial stabil-

ity in its economic system, economic self-sufficiency will emerge again as a defense measure on the part of other countries—in this case as defense against the contagion of depression. This is a matter of great concern not only to government representatives but to business and financial leaders in many other countries.

I am sure that nothing could create more difficulties for this country in the area of foreign economic policy than a severe depression. We should have enough incentive in our own immediate interest to cause us to use our full wisdom and ingenuity to conquer unemployment, but it adds to the serious character of the problem to realize that our success or failure has wide international implications.

All this discussion leads to one fairly simple conclusion—of the interlacing and interdependence of domestic and foreign policy. When domestic policy is being considered, one must ask whether it has implications or embarrassment for our foreign policy. And similarly, when one supports a foreign policy, he must remember that it may require domestic action and implementation. Both together, well integrated, give us our most effective national policy.

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CUSHING PHOTOGRAPH

Microscope

Come over the fabulous bridge
With the savant and the fool
Past frontiers of the midge
To lands where the monads rule.

Here wise men squint and stare
In the forest of the lens,
Find good and evil there
In the vast bacterial fens,

Beg nature to expose
Her art in high relief
With pigment of the rose
And texture of the leaf.

The fools make beasts of error
From the beetle and the fly
And multiply the terror
Of the ogre's quivering eye,

Cheer friends and foe alike
Caught in the misty breath,
Applaud the feint and strike
In the game of life and death.

Worlds pass before their eyes
Until they lose the gage
By which men mark the size
Of wonder of the age.

. . . A. M. SULLIVAN